



\$91,350,000

**CAN COMMUNITY HEALTH, INC.
SERIES 2020 TAXABLE BONDS**

Issuer of the Bonds	The Bonds are being issued by CAN Community Health, Inc., a Florida not-for-profit corporation (the "Company").
The Obligated Group	The Obligated Group consists of CAN COMMUNITY HEALTH, INC., a Florida not-for-profit corporation, CANTRANSPORT, LLC, a Florida limited liability company, JTJ MEDICAL SUPPLY INC., a Florida corporation, MIDLANDCAN, LLC, MIDLAND MEDICAL – BROWARD, LLC, MIDLAND RESEARCH GROUP, LLC, PRIDE PHARMACEUTICS, LLC, PRIDE PHARMACY, LLC, and TAMPA FAMILY PHARMACY, LLC, each a Florida limited liability company (collectively, the Obligated Group"), all which are involved in the operations of the Obligated Group that provide a continuum of medical, social, and educational services essential to the health and well-being of those infected with HIV/AIDS, hepatitis C, sexually transmitted diseases, and other diseases.
Financing Documents	The Bonds will be issued pursuant to a Bond Indenture, dated as of December 30, 2020 (the "Bond Indenture"), between the Company and U.S. Bank National Association, as bond trustee, and a Master Trust Indenture, dated as of December 30, 2020, between the Obligated Group and U.S. Bank National Association, as master trustee (the "Master Trustee"), as supplemented by Supplemental Indenture, Number One, dated as of December 30, 2020, between the Company and the Master Trustee.
Use of Proceeds	Proceeds of the Bonds will be used to (i) refinance certain outstanding indebtedness of the Company, (ii) finance certain capital expenditures, (iii) finance the acquisition, renovation, construction and equipping of additional facilities to be owned by or leased to the Company, (iv) fund a debt service reserve fund for the Bonds, and (v) pay a portion of the expenses incurred in connection with the issuance of the Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."
Security for the Bonds	The Bonds will be unconditional, full faith and credit obligations of the Company. The 2020 Taxable Bonds are issued pursuant to the Bond Indenture which constitutes "Master Debt" secured under the Master Indenture (as such terms are described and defined herein). See "SECURITY FOR THE BONDS."
Pricing and Payment Terms	See "PRICING AND PAYMENT TERMS" on the inside cover page.
Optional Tender for Purchase	The Series 2020 Bonds are subject to tender for purchase by the Bond Trustee on behalf of the Company at the option of the beneficial owners thereof on March 1, 2024 (subject to a 30-day grace period at an increased interest rate) at a purchase price equal to the principal amount thereof plus accrued interest to, but not including, the date of purchase. Failure to purchase the tendered Bonds on the tender date <u>will</u> constitute an Event of Default under the Bond Indenture. See "The Bonds – Optional Tender of Bonds" herein
Denominations and Book-Entry Form	The Bonds will be issued in denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof in book-entry form under the rules and regulations of The Depository Trust Company ("DTC").
Exemption from Registration	The Bonds and their offering are exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), because the Bonds are being offered and sold in an exempted transaction under Section 4(2) of such Act.
Restrictions on Ownership	The Bonds may be beneficially owned only by Qualified Institutional Buyers, as defined in Rule 144A under the Securities Act. See "RESTRICTIONS ON OWNERSHIP AND TRANSFER OF BONDS."
Tax Status	Interest on the Bonds is not excludable from the gross income of the owners of the Bonds. See "TAX MATTERS."
Bondholders' Risks	For a description of certain Bondholders' risks involved in an investment in the Bonds, see "BONDHOLDERS' RISKS."
Delivery Date	The Bonds are being offered, subject to prior sale and withdrawal of such offer without notice, when, as and if issued by the Issuer and accepted by Hilltop Securities Inc. (the "Underwriter") Foley & Lardner LLP has served as bond counsel. Certain legal matters will be passed upon for the Obligated Group by its counsel, Williams, Parker, Harrison, Dietz & Getzen, PLLC and for the Underwriter by its counsel, Butler Snow LLP. It is expected that the Bonds will be available for delivery through the facilities of DTC, against payment therefor, on or about December 30, 2020.



PRICING AND PAYMENT TERMS

Maturity	Principal Amount	Interest Rate	Price	Yield	CUSIP[†] Number
March 1, 2028	\$91,350,000	8.5%	100.00	8.5%	12510X AA3

Interest Rate	Interest rates on the Bonds is a fixed rate.
Interest Payment Dates	Interest on the Bonds is payable on March 1 and September 1 of each year, beginning March 1, 2021.
Date of Bonds	The Bonds will be dated as of the date of initial delivery.
Authorized Denominations	The Bonds may be issued in denominations of \$25,000 or any integral multiple of \$5,000 in excess thereof.
Redemption and Purchase Prior to Maturity	The Bonds are subject to redemption and purchase prior to maturity. See “THE BONDS – Company Offer to Purchase Bonds” and “– Redemption Prior to Maturity.”
Optional Tender for Purchase	The Bonds are subject to tender for purchase at the option of the beneficial owners thereof on March 1, 2024, subject to a 30-day grace period during which the Bonds bear interest at an increased rate. See “THE BONDS – Optional Tender of Bonds.”

USE OF THIS OFFERING MEMORANDUM

This Offering Memorandum is not to be construed as a contract or agreement between the Company and the purchasers or Owners of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Company to give any information or to make any representation other than as contained in this Offering Memorandum, and, if given or made, such other information or representation must not be relied upon as having been authorized by them.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Bonds have not been registered under The Securities Act of 1933, as amended, or any state securities laws, and neither the Securities and Exchange Commission nor any state regulatory agency will pass upon the accuracy, completeness or adequacy of this Offering Memorandum. The Bond Indenture has not been qualified under the Trust Indenture Act of 1939, as amended.

[†] Copyright 2020, American Bankers Association. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided to the CUSIP Service Bureau, managed on behalf of the American Bankers Association by S&P Global. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority, the Underwriter or the Obligated Group and are included solely for the convenience of the registered owners and beneficial owners of the applicable Bonds. None of the Authority, the Underwriter or the Obligated Group is responsible for the selection or uses of those CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, as a result of a refunding in whole or in part or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

The information in this Offering Memorandum is provided as of the date of this Offering Memorandum. Nothing contained in this Offering Memorandum shall under any circumstances create an implication that there has been no change in such information after the date of this Offering Memorandum.

The information set forth in this Offering Memorandum has been obtained from the Company and other sources that are deemed to be reliable, but it is not guaranteed as to accuracy or completeness by the Underwriter.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

Certain statements contained in this Offering Memorandum reflect forecasts and constitute forward-looking statements rather than historical facts. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. All such forward-looking statements are expressly qualified by the cautionary statements set forth in this Offering Memorandum. The achievement of results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including general financial and operating conditions, legal and regulatory matters and other matters affecting higher education and health care.

All quotations from and summaries and explanations of provisions of laws and documents in this Offering Memorandum do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

IN CONNECTION WITH THE OFFERING OF THE BONDS THE UNDERWRITER MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SUCH TRANSACTIONS MAY INCLUDE PURCHASES OF THE BONDS FOR THE PURPOSE OF MAINTAINING THE PRICE OF THE BONDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PHOTOS



Mobile Testing Unit



Sarasota, Florida Headquarters Building



Airplane owned by CANTransport, LLC



Sarasota, Florida Clinic Facility



Testing Room in Arizona Facility

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\$91,350,000
CAN COMMUNITY HEALTH, INC.
SERIES 2020 TAXABLE BONDS

INTRODUCTION

This Offering Memorandum is being delivered in connection with the issuance of the above-referenced Bonds (the “Bonds”) by CAN Community Health, Inc., a Florida not-for-profit corporation (the “Company”). The Bonds will be issued pursuant to a Bond Indenture dated as of December 30, 2020 (the “Bond Indenture”), between the Company and U.S. Bank National Association, as trustee (the “Bond Trustee”). The Company is the representative of an obligated group consisting of the Company, CANTransport, LLC, JTJ Medical Supply Inc., MidlandCAN, LLC, Midland Medical – Broward, LLC, Midland Research Group, LLC, Pride Pharmaceuticals, LLC, Pride Pharmacy, LLC, and Tampa Family Pharmacy, LLC (each, an “Obligated Affiliate” and collectively, the “Obligated Group”). See “THE COMPANY AND THE OBLIGATED GROUP” herein.

The proceeds of the Bonds will be used to (i) refinance certain bank loans, commercial loans, and mortgage loans, (ii) finance the cost of acquiring 100% ownership interests in (a) Midland Medical - Broward, LLC, (b) Midland Research Group, LLC and (c) Pride Pharmaceuticals, LLC, which ownership interests will be held by MidlandCAN, LLC, (iii) finance the costs of certain capital improvements to facilities of the Obligated Group, (iv) provide working capital, and (v) pay the costs of issuing the Bonds. For a more complete description of the plan of financing see “PLAN OF FINANCING” herein.

The initial Obligated Affiliates will enter into a Master Trust Indenture dated as of October 1, 2020 (as supplemented from time to time, the “Master Indenture”), with U.S. Bank, National Association, as master trustee (in such capacity, the “Master Trustee”), pursuant to which the Bond Indenture will be authenticated as Master Debt thereunder.

All payments required to be made on Master Debt will be secured by a security interest in the Article 9 Pledged Collateral (as defined herein) of the Obligated Affiliates in favor of the Master Trustee. Senior Master Debt issued under the Master Indenture is secured on a basis senior to all Subordinate Master Debt. The Bond Indenture is Senior Master Debt secured on parity with any other Senior Master Debt issued under the Master Indenture (hereinafter referred to as the “2020 Master Debt”). Additionally, subject to meeting certain tests regarding additional Debt under the Master Indenture, the Obligated Affiliates may incur Debt in the future, including Senior Master Debt and Subordinate Master Debt. See “SECURITY FOR THE BONDS – The Master Indenture” herein and APPENDIX B – “FORM OF THE MASTER INDENTURE” attached hereto.

As of the date of issuance of the Bonds, the initial Obligated Affiliates described above will be sole Obligated Affiliates, comprising the “Obligated Group” under the Master Indenture. The Master Indenture permits the addition of other Obligated Affiliates to the Obligated Group and the addition of other entities (Designated Affiliates or Restricted Affiliates) which, when combined with the Obligated Group, comprise the “Combined Group.” Currently, there are no Designated Affiliates or Restricted Affiliates. The Master Indenture provides for certain terms and conditions under which additional entities may be added to, or may be released from, the Combined Group. The Company has been designated as the “Combined Group Representative” to act on behalf of itself and any other Combined Group Member under the Master Indenture. See “SECURITY FOR THE BONDS – The Master Indenture” herein.

The obligations of the Obligated Group under the Series 2020 Master Debt and the Master Indenture will be secured by the security interest in personal property created by the Master Indenture. CANTransport, LLC has also agreed to grant a security interest in the airplane owned by it when the current loan secured by the airplane is repaid.

This Offering Memorandum provides information for prospective investors in the Bonds. The cover page and the inside cover page provide a summary of the terms of the offering of the Bonds. However, the entire Offering Memorandum and the appendices should be read for a complete description of the terms of the offering and for important information about the Company and the Obligated Group.

The purchase of the Bonds involves a high degree of risk. Prospective purchasers should consider carefully the material under “BONDHOLDERS’ RISKS” herein.

Definitions

Unless otherwise defined herein, capitalized terms used in this Offering Memorandum shall have the meanings specified in APPENDIX B – “FORM OF THE MASTER INDENTURE” and APPENDIX C – “FORM OF THE BOND INDENTURE” attached hereto. Terms not otherwise defined in this Offering Memorandum have the meanings provided in the specific documents.

THE COMPANY AND THE OBLIGATED GROUP

Introduction

CAN Community Health, Inc. (the “Company”) was originally organized as Comprehensive Care Center, Inc., dba Community AIDS Network in 1991. The name of the Company was changed to its present name in 2017. The Company is a not-for-profit corporation exempt from federal income taxation as an organization described under Section 501(c)(3) of the Internal Revenue Code pursuant to a determination letter dated as of December 23, 2009. The purpose of the Company is to provide a continuum of medical, social, and educational services essential to the health and well-being of those infected with HIV/AIDS, hepatitis C, sexually transmitted diseases, and other diseases, and to enhance public awareness. Presently the second largest provider of such services in the United States according to data provided by the U.S. Department of Health and Human Services, the Company operates 34 clinics in six states. See “THE OPERATIONS OF THE OBLIGATED GROUP – Description of Services” herein.

In May 2018, the Company opened its first fully-owned pharmacies located in Clearwater, Jacksonville, and Fort Lauderdale, Florida. In addition to the three Company-owned pharmacies, it maintains a network of over 300 independent contract pharmacy locations.

Brief History of the Company

The Company was founded in 1991 by Susan Terry and Dr. Jeffrey Stahl to address the AIDS crisis and a recognized lack of clinical response to that disease. The first clinic was located in Sarasota, Florida and served AIDS patients and other patients suffering from sexually transmitted disease in need of treatment.

The mission of the Company was, and continues to be, “to inspire and contribute to health and well-being of those affected by HIV, Hepatitis C, and other sexually transmitted diseases by providing the best care through outreach, integrated clinical practice, advocacy, education, and research.

To serve that mission, the Company has continued to expand its clinic geography by either developing its own clinics or partnering with other providers with similar missions. Throughout the 90’s and early 2000’s, the Company grew slowly, but beginning in 2015 expanded to 34 clinics. See “Clinics” below. Currently the Company owns or operates 34 clinics in the States of Florida (26), South Carolina (1), Arizona (3), New Jersey (1), Texas (2), and Virginia (1).

In 2018, the Company determined that the most efficient way to expand its mission was to become a pharmaceutical provider for its clients, using the 340B program. As part of that strategy, they acquired two pharmacies that specialize in the disbursement of drugs used to treat AIDS and Hepatitis C. JTJ Medical Supply Inc., which operates as Mail-Meds, and Tampa Family Pharmacy, LLC were acquired in 2018.

In the summer of 2020, the Company reached an agreement to acquire Midland Medical-Broward, LLC. and Pride Pharmaceuticals, LLC. The transaction is expected to close simultaneously with this offering. See “Obligated Group Members” below for more detail.

Midland Acquisitions

The Company has organized MidlandCAN, LLC to acquire 100% of (i) Midland Medical – Broward, LLC, (ii) Midland Research Group, LLC, and (iii) Pride Pharmaceuticals, LLC, which owns Pride Pharmacy, LLC. Such acquisitions (the “Midland Acquisitions”) will occur simultaneously with the issuance of the Bonds. See “PLAN OF FINANCING – Midland Acquisitions” herein.

Midland Medical – Broward, LLC is a leading LGBTQ focused medical practice in south Florida that offers primary and preventative care services to over 9,000 patients through on-site and telemedicine experiences. 9 board certified providers and 32 supporting staff members enable Midland to accomplish over 30,000 unique patient visits and screenings a year.

Midland Research Group, LLC partners with biotech firms to assist in bringing new therapies to market via clinical trials as well as running independent studies of interest on behalf of such biotech firms.

Pride Pharmaceuticals, LLC provides traditional and HIV/AIDS pharmacy care in South Florida. Prescriptions can be ordered from either the physical pharmacy location in Oakland Park, Florida, or online through its website, with medications able to be delivered to a customer's preferred location. Pride Pharmacy LLC is a specialty retail pharmacy focusing on HIV, pre-exposure prophylaxis ("PrEP"), hormone replacement therapy, and chronic condition management for over 2,000 patients. Two pharmacists and five pharmacy technicians produce an average of 5,500 unique prescriptions per month with superior adherence results through free delivery and medication synchronization.

The Company's Plans to Continue Expansion

The Company sees a continuing need for its services throughout the country and expects to grow its service platform to meet that need. However, the Company is also mindful that growth must be tempered with prudent financial management. Therefore, the primary means of growth will be through the development of additional clinics that will provide needed services and access the pharmacies already part of the Company umbrella.

Utilizing the HIV data provided by the Centers for Disease Control and Prevention, the Company identifies target areas of need or hot spots where infection rates have reached critical levels. The Company then evaluates the services currently provided in the target area as well as obstacles to entry. The approach to provide services to the identified area will take one of the following paths.

The three methods of expansion that the Company has successfully implemented to date, in order of strategic priority, are as follows:

The Company's Partnerships with Local Service Organization. The Company identifies an AIDS Service Organization ("ASO") with a 340B qualifying grant. The ASO is already established in an area and providing case management services. The Company partners with the ASO to provide medical services (and also potentially dental and mental health). The Company manages and operates the 340B program on behalf of the partnership and contractually shares the 340B savings with the ASO. The benefit of this model is the ease of expansion into a new area.

The Company's Contract Clinics. The Company is qualified for 340B in a geographical area and identifies an independent physician practice that has an already established high number of patients that fall under the Company's mission. The Company and the independent physician practice enter into a professional service agreement where the practice's patients become the Company's patients and therefore can be captured in the Company's 340B program. The Company provides case management services and any necessary financial assistance to these patients. The costs associated with this model are far less than the other two noted and the ramp up period is typically much faster since the patient base is already established.

The Company's Development of New Clinics. The Company develops a new clinic on its own. This is the most expensive option and, while it enables the Company to have complete discretion in its operation, is the third choice for expansion. When considering the Company owned model and the partnership models described above, expansion the Company requires an upfront capital commitment for each new location. Real estate has to be rented and renovated to accommodate a healthcare facility for the Company's purposes and influences the strategic value of the expansion, due to the upfront cost associated with that option.

Obligated Group Members

CANTransport, LLC. In September 2016, CANTransport, LLC (“CANTransport”), a Florida limited liability corporation, was formed to acquire the King Air 200B aircraft used by the Company. The Company is the sole member of the LLC. The aircraft is used by the Company’s employees at all levels and departments, for example, IT, compliance, risk management, and patient care. The aircraft is used to visit prospective sites and to visit existing clinics and at least 60 different employees have flown on it.

JTJ Medical Supply Inc. In October 2018, the Company acquired 80% of the outstanding stock of JTJ Medical Supply Inc., doing business as Mail-Meds (“Mail-Meds”), a Florida corporation that is taxed as a C corporation. The Company has the right to purchase the remaining outstanding stock beginning in October 2023. Mail-Meds is a clinical pharmacy that specializes in the practice of simplifying medication regimens and improving medication adherence for chronic illness patients that take multiple medications. It operates medication adherence programs with specialty clinics, disease management initiatives, managed care organizations and individuals.

Tampa Family Pharmacy, LLC. In October 2018, the Company acquired 80% of the outstanding stock of Tampa Family Pharmacy, Inc. (“Tampa Family Pharmacy”). In August 2020, the Company acquired the remaining 20% of the outstanding stock of Tampa Family Pharmacy, converted Tampa Family Pharmacy to a Florida limited liability company, and now is the sole owner of Tampa Family Pharmacy. Tampa Family Pharmacy is a pharmacy located in Tampa, Florida that provides pharmaceutical specialties, including hepatitis C, HIV/AIDS, transplant, dermatology, NICU/pediatric, multiple sclerosis, osteoporosis, fertility, cystic fibrosis.

MidlandCAN, LLC. Simultaneously with the issuance of the Bonds, MidlandCAN, LLC will acquire 100% ownership of (i) Midland Research Group, LLC, (ii) Midland Medical-Broward, LLC, and (iii) Pride Pharmaceuticals, LLC, which owns 100% of Pride Pharmacy, LLC.

Midland Medical – Broward, LLC Midland Medical-Broward, LLC is a leading LGBTQ focused medical practice in south Florida that offers primary and preventative care services to over 9,000 patients through on-site and telemedicine experiences. 9 board certified providers and 32 supporting staff members enable Midland to accomplish over 30,000 unique patient visits and screenings a year

Midland Research Group, LLC Midland Research Group, LLC partners with biotech firms to assist in bringing new therapies to market via clinical trials as well as running independent studies of interest on behalf of such biotech firms..

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Pride Pharmacy, LLC. Pride Pharmacy LLC is a specialty retail pharmacy focusing on HIV, pre-exposure prophylaxis (“PrEP”), hormone replacement therapy, and chronic condition management for over 2,000 patients. Two pharmacists and five pharmacy technicians produce an average of 5,500 unique prescriptions per month with superior adherence results through free delivery and medication synchronization.

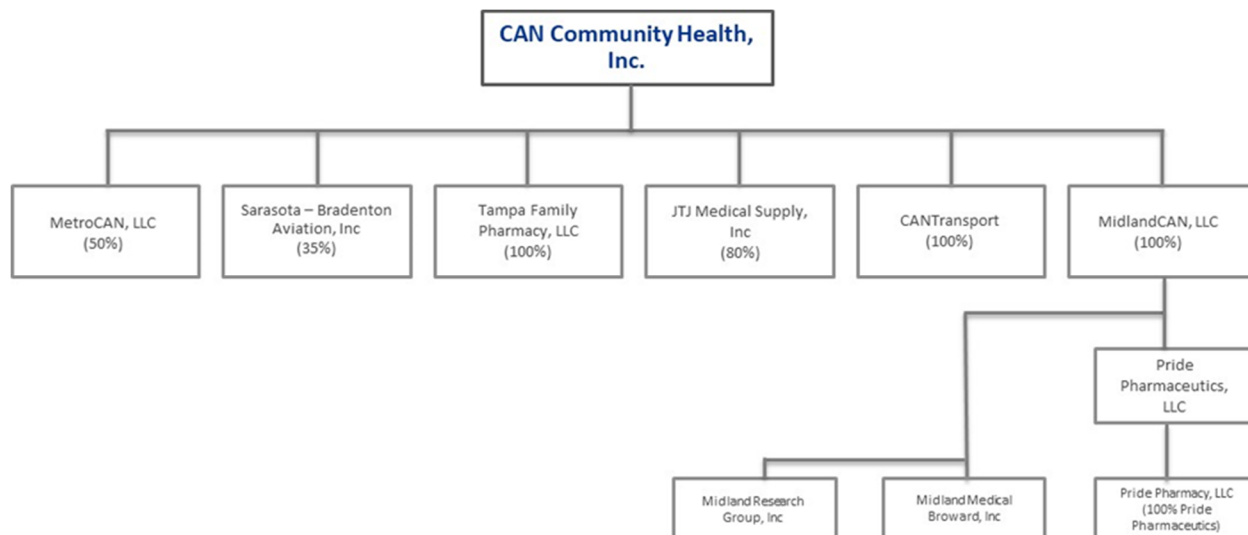
Non-Obligated Group Affiliates

Sarasota-Bradenton Aviation, Inc. The Company owns a 35% interest in Sarasota-Bradenton Aviation, a subchapter S corporation that owns a hangar at Sarasota-Bradenton International Airport in which the Company’s Hawker Beechcraft Corp Model B200GT airplane (the “Aircraft”) is kept.

MetroCAN, LLC. The Company owns a 50% interest in MetroCAN, LLC. (“MetroCAN”), which was formed by the Company and Metro Inclusive Health, Inc., a Florida not-for-profit corporation that operates a clinic providing the same types of services as those provided by the Company. MetroCAN is a Florida limited liability company and was formed to purchase, improve and lease a 47,236 square foot medical office building in St. Petersburg, Florida.

Midland Cares, Inc. Midland Cares, Inc. is a 501(c)(3) organization that was organized by Pride Pharmaceuticals, LLC to support local community-based organizations, helps launch programs and assists populations that could benefit from Midland Medical and Pride Pharmacy services, but face economic or social barriers to obtain them. Following the Midland Acquisitions, the Company plans to restructure the Board of Directors of Midland Cares, Inc. and extend its outreach programs.

Organizational Chart



Governance

Senior Management. Following are resumes of senior executives of the Company:

Richard E. Carlisle, Chief Executive Officer. Richard E. Carlisle became the Company’s third President and Chief Executive Officer in April 2015. Before assuming the role of CEO, Mr. Carlisle served as Vice President at Sarasota Memorial Hospital for 15 years where he led the expansion of services provided by Sarasota Memorial Hospital to community-based clinics, urgent care centers, and other health services. Under Mr. Carlisle’s leadership, the Company has grown significantly. To date, the Company serves more than 15,000 patients within the network. Most recently, the Company was recognized as one of the “Best Places to Work” by the *Sarasota Herald-Tribune*, under Mr. Carlisle’s management.

Rishi Patel, Chief Operating Officer. Rishi Patel has been an executive leader of the Company since August 2015. Before assuming the role of Executive Vice President and COO in 2020, Mr. Patel served as the Chief Pharmacy Officer for the Company. He led the expansion of the Company’s pharmacy, 340B, and satellite clinic programs throughout the Company’s network. As COO, Mr. Patel oversees the Company’s clinical, prevention, 340B, and community operations throughout the network, including partnership and geographic expansions.

Dr. Laura Armas-Kolostroubis, Senior Vice President, Medical Service; Chief Medical Officer. Dr. Laura Armas-Kolostroubis is a General Internal Medicine specialist who has devoted her career to providing care, educating providers, and conducting research on HIV. She brings to the Company over 20 years of experience in the public, private, and academic settings. Dr. Armas-Kolostroubis received her medical education from La Salle University Mexican School of Medicine in Mexico City and her postgraduate training at UT Southwestern-affiliated hospitals. Dr. Armas-Kolostroubis later joined the staff at Parkland Health and Hospital System HIV Services, another UT Southwestern-affiliate. There Dr. Armas-Kolostroubis became the medical lead for the Women Specialty Center, where she participated in the design and implementation of a medical home for women living with HIV. Simultaneously, she served as the Director for the Texas/Oklahoma AIDS Education and Training Center. Dr. Armas-Kolostroubis later moved to Florida, joining the University of Florida as an Associate Professor and Medical Co-director of the UF Care, Research and Education Clinic in Jacksonville, Florida. Besides her current position, Dr. Armas-Kolostroubis is the Co-Chair for the Sexually Transmitted Diseases Priority area of the State Health Improvement Plan and is also Co-Chair for the American Academy of HIV Medicine Florida Steering Team. She has served in local, state, and national work and advisory groups like the CDC, NIH, AmfAR, and others.

Mary Lifland, CPA, Senior Vice President, Financial Services; Chief Financial Officer. Prior to joining the Company, Ms. Lifland was an associate with Cavanaugh & Co. Certified Public Accountants for over 10 years, where she specialized in audits of Nonprofit Organizations and Common Interest Realty Associations. Ms. Lifland acquired her CPA license in 2014 and joined the Company soon after as Director of Accounting, and she was promoted to Controller. In 2019, Ms. Lifland was named Chief Financial Officer. In this position, Ms. Lifland is responsible for the overall financial strategy and direction of the Company. Within finance, she guides the controller, treasury, accounting, tax, and internal audit functions to pursue the company's growth strategy and meet client expectations. Ms. Lifland has served as a board member for various non-profit organizations, including Girl Scouts of Sarasota County.

Board of Directors. The Company is governed by a Board of Directors (the "Board of Directors"), consisting of nine directors. The following are resumes of members of the Board of Directors of the Company.

Rev. Demetrius K. Jifunza, Chairman - Board of Directors. Reverend Demetrius Jifunza serves as N.A.A.C.P. Vice President of the Sarasota branch, and Sr. Pastor at Mt. Olive CME Church in Arcadia, Florida. As a member of Sarasota United for Responsibility and Equity (S.U.R.E.), Rev. Jifunza works with community leaders and public officials to correct inequities in the Sarasota community that affect the poor, under-served, and disadvantaged. Actively participating in volunteer work with the Sarasota Sheriff's office, Rev. Jifunza is participating in an ongoing 4-year strategic plan relating to the incorporation of President Obama's task force on 21st century policing. Rev. Jifunza is also the Director of Social Justice & Human Concern for the Florida Region under the Christian Methodist Episcopal Church.

Jackie Rogers, Vice-Chairwoman – Board of Directors. Jackie Rogers has been a Co-Chair of the Company's annual gala "CANDance" for over 10 years and is actively involved in the Sarasota community. Ms. Rogers works professionally as a producer and marketing consultant nationwide. She recently launched her natural beauty line, "House of Hilt."

Robert D. Nosal, Secretary – Board of Directors. Bob Nosal of Longboat Key has been involved with the Company's fundraising campaigns, particularly CANDance, for the past fourteen years. He has worked on numerous shows over the years with his husband Bob Trisolini. Their work consisted of creating The West Bank Creative, a Business Theater Agency in the NYC area. Mr. Nosal has worked on major projects for Walt Disney Entertainment, Celebrity Cruise Lines, and Busch Gardens. In Sarasota, Mr. Nosal has assisted with the productions of *Jekyll & Hyde*, *Grand Hotel*, *Titanic*, *Annie*, *Seussical The Musical*, *Steel Magnolias*, and *She Loves Me*. He has also appeared onstage in *The Sunshine Boys*, *The Producers*, and *Lil Abner*. Mr. Nosal particularly enjoys playing Celebrity Bartender on Opening Nights for all the Players main stage productions. Mr. Nosal has been honored as Volunteer of the Year for all his volunteered fundraising projects.

Anthony J. Becich, Treasurer – Board of Directors. Anthony J. Becich has been an accounting and management professional for over 25 years. He is currently the Finance and General Manager for the Van Wezel Performing Arts Hall and has been employed there since 2008. Mr. Becich is originally from Chicago and has lived in the Sarasota area since 1998.

Dr. Stephen Covert, Assistant Treasurer – Board of Directors. Dr. Stephen Covert serves as the principal at Pine View School and is an adjunct faculty member at the University of South Florida. He and his wife, Cara, a teacher with Sarasota County Schools, are parents to four Pine View students. As an educator for over 24 years, Dr. Covert is committed to making a positive difference in the lives of his students and in the community he serves.

Reinaldo Arroyo, MD, Assistant Secretary – Board of Directors. Dr. Reinaldo Arroyo is an internist in Sarasota, Florida, and is affiliated with multiple hospitals in the area, including Doctors Hospital of Sarasota and Sarasota Memorial Healthcare System. He received his medical degree from Ponce School of Medicine and has been in practice for more than 25 years.

Thomas A. D'Eletto, MD, Member – Board of Directors. Thomas A. D'Eletto is a medical and business professional with experience in clinical medicine, pharmaceutical drug development, and medical affairs. Dr. D'Eletto is board certified in internal medicine and pulmonary diseases; he has also maintained a hospital-based inpatient and outpatient practice in internal medicine, pulmonary diseases, and critical medicine. Dr. D'Eletto has held the position of assistant professor of medicine and was associate director of the medical residency program. In addition, he was the director of the pulmonary function laboratory at a New York Medical College affiliated

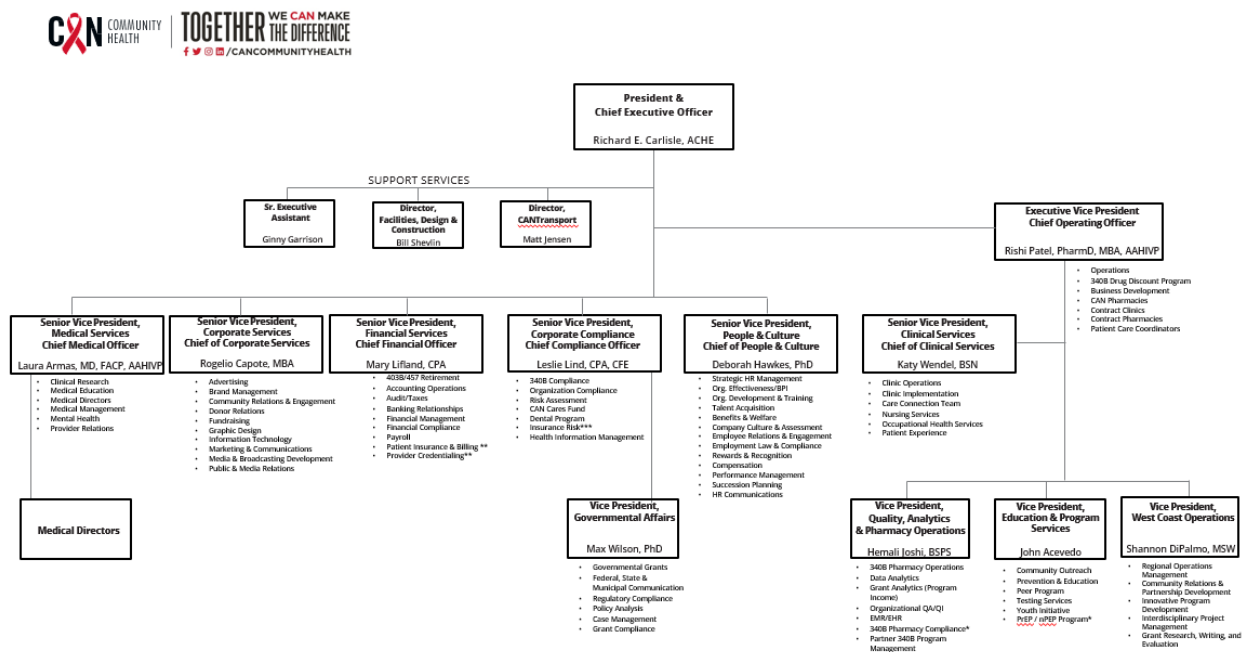
hospital. Dr. D'Eletto is a Fellow of the American College of Chest Physicians and a member of the American Thoracic Society.

Robert E. Trisolini, Member – Board of Directors. Bob Trisolini resides in Longboat Key and has worked with the Company for the past 16 years. He was the founder and CEO of The West Bank Creative, a Business Theater Agency in the NYC area, with his husband Bob Nosal. Mr. Trisolini has worked with Sammy Davis Jr., Howie Mandell, Rita Rudner, David Brenner, Beth Fowler, and the cast of many Broadway shows, while directing and producing corporate events. Mr. Trisolini was Associate Producer and Marketing Consultant for the five-time Tony nominated Broadway show *Romance/Romance* and the off-Broadway Obie award-winning show *Olympus On My Mind*. Over the years he has worked at Creative, Casting or Show Director for Walt Disney Entertainment. Locally, Mr. Trisolini has directed and served as creative consultant for Busch Gardens and has directed or appeared in over 40 shows to date at The Players Theatre.

Meadow Walker, Member – Board of Directors. Since she was a young adult, Meadow Walker has worked with community agencies and faith communities to educate and help meet the needs of the community. Ms. Walker has fourteen years of counseling experience working with co-occurring clients to help them explore and process their disease of addiction and mental health issues holistically. She is currently an intern for mental health at Centerstone of Florida working toward completion of a Licensed Mental Health Counselor (LMHC) license. Ms. Walker has a Bachelor of Arts in Psychology, Master of Arts in Counseling – Emphasis: Professional Mental Health Counseling, Mastered Certification Addiction Professional (MCAP) license, and International Certification & Reciprocity Consortium Alcohol & Drug Counselor (ICRC-ADC) license.

Management Structure

The following chart is a summary of the management structure of the Company.



THE OPERATIONS OF THE OBLIGATED GROUP

Description of Business

According to data published by the U.S. Department of Health and Human Services, (“HHS”), as of July 1, 2020 the Company is the second largest provider of HIV medical services in the nation ranked by total revenue. The Company was established in 1991 with clinics/partnerships in Florida and five other states. The Company provides medical, pharmacy, dental, case management, mental health, and comprehensive prevention services, such as non-

occupational post-exposure prophylaxis (nPEP), pre-exposure prophylaxis (PrEP), and Prevention-with-Positives. The Company also provides screening and treatment for Hepatitis C and STDs, as well as transgender health services. The Company is dedicated to the treatment, care, and continual wellness of people living with HIV, Hepatitis C, and other STDs, regardless of financial situation, insurance status, or ability to pay.

The Company’s mission is “to inspire and contribute to the health and well-being of those affected by HIV, Hepatitis C, and other sexually transmitted diseases by providing the best care through outreach, integrated clinical practice, advocacy, education, and research.”

The Company is headquartered in Sarasota, Florida, and operates and provides services to 34 facilities throughout the following states:

Location	Number of Facilities
Florida	26
Arizona	3
New Jersey	1
South Carolina	1
Texas	2
Virginia	1

Section 340B Program

The Company’s primary source of revenues is the sale of pharmaceuticals. The Company operates under Section 340B of the Public Health Service Act (the “340B Program”). Section 340B(a)(4) of the Public Health Service Act specifies which covered entities are eligible to participate in the 340B Drug Program. These include qualifying hospitals, health centers, clinics, federal grantees from the Health Resources and Services Administration (“HRSA”) of the Department of Health and Human Services, (“HHS”), the Centers for Disease Control and Prevention (“CDC”), the Department of Health and Human Services’ Office of Population Affairs, and the Indian Health Service. The Office of Pharmacy Affairs (“OPA”), which is located within HHS, administers the 340B Program. These qualified healthcare organizations are eligible for discounts and are able to purchase medications through a reduced cost pay program. In 2015, the Government Accountability Office reported that program participants can save an estimated 20-50% reduction of drug costs.

Congress created the 340B program in November 1992 through the enactment of Public Law 102-585, the Veterans Health Care Act of 1992 (the “Statute”), which is codified as Section 340B of the Public Health Service Act (created under Section 602 of the Veterans Health Care Act of 1992).

The 340B Program enables covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.

Manufacturers participating in Medicaid agree to provide outpatient drugs to covered entities at significantly reduced prices.

Eligible health care organizations/covered entities are defined in statute and include HRSA-supported health centers and look-alikes, Ryan White clinics and State AIDS Drug Assistance programs, Medicare/Medicaid Disproportionate Share Hospitals, children’s hospitals, and other safety net providers.

To participate in the 340B Program, eligible organizations/covered entities must register and be enrolled with the 340B program and comply with all 340B Program requirements. Once enrolled, covered entities are assigned a 340B identification number that vendors verify before allowing an organization to purchase 340B discounted drugs.

To purchase drugs at the 340B price, covered entities must meet the following ongoing requirements:

- Keep 340B OPA information accurate and up to date and register new outpatient facilities and contract pharmacies as they are added.

- Recertify eligibility every year.
- Prevent diversion to ineligible patients. Covered entities must not resell or otherwise transfer 340B drugs to ineligible patients.
- Manufacturers are prohibited from providing a discounted 340B price and a Medicaid drug rebate for the same drug. Covered entities must accurately report how they bill Medicaid fee-for-service drugs on the Medicaid Exclusion File, as mandated by 42 USC 256b(a)(5)(A)(i).
- Prepare for program audits; maintain auditable records documenting compliance with 340B Program requirements. Covered entities are subject to audit by manufacturers or the federal government. Any covered entity that fails to comply with 340B Program requirements may be liable to manufacturers for refunds of the discounts obtained.

The Company is a qualified 340B Program healthcare organization. The Company provides medications to its patients through an extensive pharmacy network; low-income patients, underinsured patients and patients without insurance receive these medications at little or no costs. The insured patients pay a normal copay, and their insurance company pays the Company. The savings generated by the Company's qualification as a 340B Program healthcare organization enable the Company to provide and extend health care support services and medicines to patients at all income levels.

See "BONDHOLDERS' RISKS – RISKS OF HEALTHCARE OPERATIONS – Dependence on the 340B Drug Discount Program" herein.

Third Party Administrator for 340B Program:

The Company has entered into a contractual relationship with RxStrategies, Inc., Pharmforce, Walgreens, and WellPartner (CVS) ("Third Party Administrators"), to provide various services related to the administration of the 340B program. Some of the specific services provided to the Company by such Third Party Administrators are as follows:

- Negotiate contracts on behalf of the Company with manufacturers, wholesalers, suppliers and vendors with respect to pharmacy services and insure the Company is the pharmacy of record;
- Developing, implementing and monitoring the drug formulary
- Assist the Company in the design and implementation of pharmacy benefits and pharmacy networks, as approved by OPA;
- Place orders with wholesalers, distributors and manufacturers for pharmaceutical products and services and manage a replenishment system;
- Collect gross proceeds from the Company's pharmacies and all third-party payors for pharmacy services and distribute funds to the Company after paying the manufacturer, distributor, or a drug wholesaler for the Section 340B drugs. The Third Party Administrator, as an agent of the Company, will order Section 340B drugs directly from the manufacturer or wholesaler and the Company will be billed for such drugs.

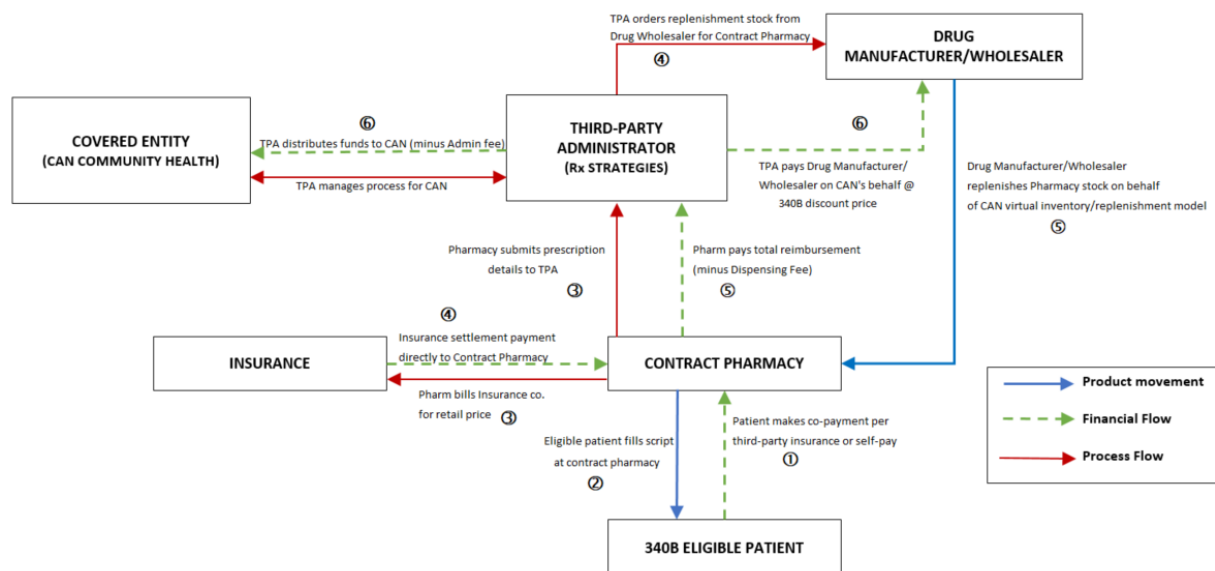
The contract automatically renews for a one-year term on the anniversary of the Effective Date, April 20 of each year. The contract may be terminated by either party upon certain events, including but not limited to material breach of the terms by either party, bankruptcy or a determination that continuing the contract would be a hardship for either party.

The Company and RxStrategies have opened a joint account that handles deposits and disbursements related to the 340B program. The joint account of the Company and RxStrategies is wholly for the benefit of the Company. To facilitate the ability of RxStrategies to provide timely payment related to the 340B program, the Company and RxStrategies have maintained a balance in the account that has ranged from \$1 million to \$5 million during a typical month. The balance, while an asset of the Company, is not reported on the balance sheet of the Company and is not reflected in the audit.

340B DRUG PRICING PROGRAM FLOWCHART

DOES NOT INCLUDE WALGREENS*

Eff: 2/1/18



Audits of the 340B Program

HRSA conducts audits on Covered Entities as part of its compliance process. HRSA notifies the Covered Entity of its intention to audit and assigns a third-party auditor to the account. The Company, as a Covered Entity, provides data as requested to the auditor, primarily associated with the purchase and sale of prescriptions covered under the 340B program. The audit includes a visit to the Company and meetings with the Company's professional team.

In order to ensure compliance with 340B program requirements, the Company has its own internal process whereby it mimics the HRSA audit process to confirm procedures and accuracy. Of the approximately 18,000 prescriptions a month processed by affiliates of the Company, approximately 55-60% are audited and processes tracked. Any discrepancies are reported back to the Third-Party Provider and processes revised to be in compliance, as necessary.

Since 2016, the Company has been audited seven times by HRSA and the result of such audits has been that "HRSA did not identify any findings regarding eligibility, diversion, or duplicate discounts."

Company's Ranking

The following information has been prepared by the Company based on publicly available information provided by the CDC, HHS, the HIV.gov website, and Guidestar.

Approximately 1.2 million people in the United States are living with HIV today. One out of every seven people living with HIV is unaware he or she has the disease. At the end of 2018, an estimated 1,173,900 people had HIV. There are 1,870 NTEE Code G81 AIDS organizations registered on Guidestar. By age group, those ranging from 25-34 years old had the highest number of newly diagnosed HIV cases in the United States (and territories) in 2018.

Management of the Company believes that the Company is the second largest provider of HIV services in the country. The following summary of industry competitors, location, total revenues, and total expenses and comparison with the AIDS Healthcare Foundation were compiled from publicly available financial information about the organizations shown below.

<u>Name</u>	<u>Location</u>	<u>Total Revenue</u>	<u>Total Expenses</u>	<u>% Net Income</u>
AIDS Healthcare Foundation	Los Angeles CA	\$1,509,453,455	\$1,414,994,852	6%
CAN Community Health, Inc.	Sarasota, FL	294,042,074	287,454,840	2%
Elizabeth Glaser Pediatric AIDS Foundation	Washington, D.C.	200,011,437	200,252,199	0%
International AIDS Vaccine Initiative	New York, NY	77,192,773	83,383,050	-8%
EHS Inc (DBA Evergreen Health Services)	Buffalo, NY	71,511,399	66,543,881	7%
Hopehealth Inc	Florence, SC	85,342,248	78,619,778	8%

A summary comparison of the Company and AIDS Healthcare Foundation (“AHF”) is shown below:

	<u>Company</u>	<u>AHF</u>
US Patients	20,000	89,247
US Employees	248	2,021
States	5	16
Number of Clinics	34	67
Number of Pharmacies	11	55
Personnel to Income	14.1%	14.9%
Program Ratio	95.0%	97.0%
Admin Ratio	4.8%	2.6%
Fundraising Ratio	0.2%	0.4%

Sources of Revenue

Following were the sources of revenue before intercompany eliminations on a combined basis and for the Company, Tampa Family Pharmacy, and Mail-Meds for the fiscal year ended June 30, 2020.

COMBINED:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percentage</u>
Commercial	\$114,674,967	58.86%
Medicaid	8,189,129	4.20%
Medicare	63,946,626	32.82%
Ryan White	401,305	0.21%
Other	5,199,750	2.67%
Private Pay	<u>2,422,359</u>	1.24%
Total	\$194,834,136	

THE COMPANY:

<u>Revenue Source</u>	<u>Amount</u>	<u>Percentage</u>
Commercial	\$680,088	40.23%
Medicaid	103,812	6.14%
Medicare	306,956	18.16%
Ryan White	401,305	23.74%
Other	7,565	0.45%
Private Pay	<u>190,820</u>	11.29%
Total	\$1,690,546	

TAMPA FAMILY PHARMACY:

Revenue Source	Amount	Percentage
Commercial	\$47,052,920	57.67%
Medicaid	5,585,416	6.85%
Medicare	23,571,082	28.89%
Ryan White	-	0.00%
Other	5,192,185	6.36%
Private Pay	<u>190,441</u>	0.23%
Total	\$81,592,044	

MAIL-MEDS:

Revenue Source	Amount	Percentage
Commercial	\$66,941,959	60.01%
Medicaid	2,499,901	2.24%
Medicare	40,068,588	35.92%
Ryan White	-	0.00%
Other	-	0.00%
Private Pay	<u>2,041,098</u>	1.83%
Total	\$111,551,546	

Financial Statements

The Company maintains its financial records on the basis of a fiscal year ending June 30. The audited financial statements of the Company and its affiliates and related footnote disclosures for the fiscal years ended June 30, 2020, 2019, and 2018, together with the independent auditor's report thereon, are attached hereto as APPENDIX A. The audited financial statements included in APPENDIX A are consolidated financial statements. The Supplementary Information included in such audited financial statements sets out the financial information as to the Company.

The audited financial statements of the Company and its affiliates for the fiscal years ended June 30, 2020, 2019, and 2018, including the related footnote disclosures, should be read in their entirety.

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Summary Financial Information

The following summary financial information has been extracted from the audited consolidated financial statements of the Company included herein as APPENDIX A.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	June 30,		
	2020	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 9,455,437	\$ 7,670,730	\$ 4,116,642
Investments at fair value	-	-	4,210,651
Accounts receivable, net	13,829,409	15,895,777	196,801
Pharmacy program receivables	11,538,346	5,034,707	12,818,952
Grants receivable	284,907	303,304	184,075
Inventory	2,395,086	2,533,001	84,088
Prepaid income taxes	190,384	711,000	-
Prepaid expenses	746,499	526,368	212,674
Total current assets	38,440,068	32,674,887	21,823,883
Property and Equipment, net	32,158,088	32,029,228	20,661,254
Intangible Assets:			
Medical practices acquired, net	375,494	577,468	779,443
Other, net	625,444	658,362	-
Goodwill	43,686,679	43,686,679	-
Total intangible assets	44,687,617	44,922,509	779,443
Other Non-Current Assets:			
Interest in unconsolidated affiliates	1,966,177	1,936,139	1,901,923
Program related advances	871,462	878,126	870,738
Due from affiliates	5,471	-	-
Deposits	839,549	274,933	108,475
Annuity	190,000	252,000	314,000
Split interest agreement	45,889	45,889	47,796
Total other assets	3,918,548	3,387,087	3,242,932
Total assets	\$119,204,321	\$113,013,711	\$46,507,512
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 8,179,734	\$15,905,985	3,445,637
Accrued payroll	3,527,137	1,582,918	2,384,060
Current portion of long-term debt	6,916,485	5,906,036	2,033,856
Current portion of obligations under practice acquisitions	525,000	240,000	-
PPP Loan	4,722,900	-	-
Total current Liabilities	23,871,256	23,634,939	7,863,553
Long-Term Liabilities			
Long-term debt, net of current portion	58,226,117	57,063,722	-
Interest-rate swaps	1,911,506	1,658,038	-
Obligation under annuity	190,000	252,000	314,000
Obligations under practice acquisition, net of current portion	-	255,000	585,000
CAN Pharmacy capital funding	80,008	280,008	-
CAN Pharmacy accrued expenses	-	-	389,058
Notes payable, net	-	-	7,664,474
Total long-term liabilities	60,407,631	59,508,758	8,952,532
Total liabilities	84,278,887	83,143,707	16,816,085
Net Assets			
Without Restrictions	33,056,411	27,761,314	29,643,631
Non-Controlling	1,869,023	2,108,690	-
Temporarily Restricted	-	-	47,796
Total net assets	34,925,434	29,870,004	29,691,427
Total liabilities and net assets	\$119,204,321	\$113,013,711	\$46,507,512

SUMMARY CONSOLIDATED STATEMENT OF ACTIVITIES

	June 30,		
	2020	2019	2018
Operating revenues, gains and other support:			
Pharmacy assistance program	\$183,820,561	\$147,054,734	\$120,924,759
Sales	185,177,915	138,352,501	-
Medical services, net	7,673,896	6,406,780	5,576,008
Federal awards	1,842,611	1,175,120	674,008
Research grants	138,257	190,002	108,381
Special events revenue, net	368,595	72,760	160,698
Other support	373,078	129,752	15,733
Contributions	105,392	92,848	56,452
Collaborative program services	1,322,302	308,182	410,231
Collaborative administration fees	120,000	120,000	111,987
Investment return, net	20,937	203,774	271,960
Loss on sale of asset	-	(62,472)	-
Change in split-interest agreement	-	(1,907)	1,907
Total revenues, gains and other support	<u>\$380,963,544</u>	<u>\$294,042,074</u>	<u>\$128,312,622</u>
Summary of operating expenses:			
Program Services	343,486,127	273,102,589	110,985,971
General and Administrative	20,015,498	13,802,420	7,660,380
Fundraising	561,021	549,831	596,419
Total	<u>364,062,646</u>	<u>287,454,840</u>	<u>119,242,769</u>
Operating revenues and gains in excess of operating expenses	16,900,898	6,587,234	9,069,853
Other items considered to be nonoperating and nonrecurring:			
Depreciation and amortization expense	1,822,913	1,240,525	486,837
Interest and related amortization expense	3,435,903	2,243,476	107,178
Loss on interest rate swaps	1,909,568	1,658,038	-
Acquisition related costs	1,526,889	2,589,849	72,387
Loss on sale of asset	1,252,192	-	-
Provision for income tax	977,916	-	-
Collaborative start-up costs	-	-	131,538
Information technology related costs	-	-	88,811
Total	<u>10,925,381</u>	<u>7,731,888</u>	<u>886,751</u>
Revenues and gains in excess (less than) expenses	<u>5,975,517</u>	<u>(1,144,654)</u>	<u>8,183,102</u>
Equity in net earnings (loss) from unconsolidated affiliates	<u>59,913</u>	<u>(61,353)</u>	<u>(22,984)</u>
Change in net assets	<u>6,035,430</u>	<u>(1,206,007)</u>	<u>8,160,118</u>
Less change in net assets attributable to non-controlling interests	<u>(740,333)</u>	<u>(724,106)</u>	<u>-</u>
Change in net assets	<u>\$5,295,097</u>	<u>\$(1,930,113)</u>	<u>\$ 8,160,118</u>

Management's Discussion and Analysis of Financial Results

Fiscal Year 2019 Compared to Fiscal Year 2018

The Company's revenues grew from \$92.5 million during 2017 to \$128.3 million during 2018, before increasing to \$294 million during 2019. The substantial increase during 2019 was largely due to the acquisition of TFP and JTJ during October 2018.

The pharmacy acquisitions were made based on research that indicated patient usage of prescriptions increased dramatically when a prescription could be filled before leaving the clinic where the disease had been recognized and was being treated. Accordingly, the strategy behind the acquisitions is to eventually have a Company owned pharmacy in every Company clinic.

EBIDA declined during FYE 2019 from \$9.1M reported during FYE 2018 to \$6.6M for FYE 2019. While still positive for Fixed Charge Coverage, the decline in EBIDA was attributed to the substantial expenses attributable to integrating the acquisitions as well as startup expenses attributable to expansion into new clinic locations. The additional expenses resulted in a one year decline in EBIDA year over year but set the stage for substantial increases in future years.

To finance the pharmacy acquisitions, the Company arranged separate term loans and lines of credit to both refinance its existing credit facilities but also to pay the cash component of the acquisitions. Total debt increased from \$9.7M at FYE 2018 to \$63.0 million for FYE 2019.

As a result of the increased expenses from the acquisitions and clinic expansion Fixed Charge Coverage decreased to 1.01:1.0 for FYE 2019.

The Company's liquidity profile continued to support operations with \$8M in lines of credit and increasing days cash from 150 days at FYE 2018 to 159 days at FYE 2019.

Fiscal Year 2020 compared to Fiscal Year 2019

Strong revenue growth continued in 2020 with revenues reaching \$381 million. EBIDA increased from \$6.6M reported for FYE 2019 to \$16.9M million for FYE 2020.

Management believes the impact of COVID on revenues has been minimal due to the fact that patients have to take their prescriptions daily, regardless of the epidemic, and the great majority receive their prescriptions via the mail. In addition, insurance pays the claims directly through the Company's Third Party Administrator so receivables are not an issue. Management was also able to immediately implement telehealth so that patients did not experience a disruption in care.

The pharmacy locations have gross profit margins significantly below those historically experienced by the Company, although management believes they are in line with other similar stand-alone pharmacies. Accordingly, EBIDA margins have fallen each year from 10.7 during 2017, to 7.8% during 2018, 4.9% during 2019 and 4.5% for 2020.

Management believes EBIDA margins have bottomed out and projects EBIDA margin to improve to 4.8% during 2021.

Liquidity remains strong with cash on hand increasing from 159 days on hand at FYE 2019 to 166 days on hand at FYE 2020.

Fixed Charge Coverage has increased from 1.01:1.0 for FYE 2019 to 2.48:1.0 for FYE 2020.

The original refinancing and acquisition debt that the Company incurred during FYE 2019 was refinanced with another lender during December, 2019 in order to achieve greater flexibility to manage the business expansion as well as to restructure the term of the credit facilities more in line with the business operations of the Company.

The refinanced credit facility included a \$51 million term loan as well as separate lines of credit for the Company, TFP and JTJ totaling \$15M.

Capital Resources

The excess of revenue over expenses provided by operating activities for the fiscal years ended June 30, 2018, 2019 and 2020 was \$9.1M, \$6.6M, and \$16.9M respectively. For FYE 2021, the estimated excess of revenue over expenses is projected to be \$18.7M.

The proceeds of this bond offering will provide \$6.5 million for budgeted capital expenses for FYE 2021 as well as \$3.0 million for startup expenses for clinic expansion.

Additionally, the acquisition of the MidlandCAN group of companies is projected to significantly increase cash flow in that region.

The Board approved budget for FYE 2021 EBIDA is \$18,738,857 and projects a Fixed Charge Coverage of 3.03:1.0 based on total debt service from this bond offering estimated at \$6,179,250.

Accordingly, management believes that future cash flow from operating activities and cash proceeds from this bond financing should be adequate to meet known debt service requirements, finance planned capital expenditures, as well as other known operating uses of cash.

Budget Process and the Fiscal 2021 Budget

Each year an annual budget is prepared by management and approved by the Company's Board of Directors. The process involves each of the department directors prepare operating and capital budgets and submit them to the Chief Financial Officer. The Chief Financial Officer prepares, and the Chief Executive Officer and Chief Operating Officer review the compiled budget and adjust as needed. The draft operating budget is presented to the Finance Committee of the Board of Directors during April. After review and approval of the Finance Committee, the final operating and capital budget is presented to the Board of Directors and approved during May.

The Fiscal Year 2021 Budget follows the Projected Fixed Charge Coverage Ratio under "HISTORIC FIXED CHARGE COVERAGE RATIOS AND DAYS CASH ON HAND AND PROJECTED FIXED CHARGE COVERAGE RATIOS" on page vi of this Offering Memorandum.

Owned and Leased Facilities

Owned Facilities. The Company owns the building located at 4440 Fruitville Road, Sarasota, Florida that serves as its national headquarters. The Company also owns adjacent property including a former school building, two single family houses, and approximately 3.33 acres of vacant land, all of which it intends to use for future expansion.

The Company also owns the building located at 1517 Gregg Street, Columbia, South Carolina in which the Company operates a clinic.

The Company owns a 35% interest in Sarasota-Bradenton Aviation, Inc. which, owns a hangar at the Sarasota-Bradenton International Airport at which the Company's Aircraft is kept.

Leased Facilities. The Company leases the space in which most of its clinics operate. The following table summarizes the leases. Management of the Company believes that if it is unable to extend clinic leases, it will be able to lease comparable space at comparable prices.

Facilities	Location	Rent Per Month	Lease Term	Lease Expiration
Grand Slam	1100 N Tuttle Avenue Sarasota, FL	\$8,955	60 months	5/31/2021
Daytona	1435 Dunn Avenue, Suite 101 Daytona Beach	\$4,800	72 months	9/30/2022
Education - SRQ	3354 17th Street Sarasota, FL	\$1,821	36 months	12/31/2021
Broward West	4101 NW 3rd Court, Suites 9 & 12 Plantation, FL	\$11,751	36 months	10/31/2023
Temporary Education Space	4615 Philips Highway Suite 100 Jacksonville, FL	\$9,100	12 months	2/28/2021

Facilities	Location	Rent Per Month	Lease Term	Lease Expiration
Buildout of Clinic Space	4615 Philips Highway Suite 300 Jacksonville, FL	\$4,417	120 months	5/31/2028
New Miami SB	427 Washington Avenue Miami Beach, FL	\$13,000	63 months	6/30/2023
Columbia, SC	1911 Hampton Street Columbia, SC	\$5,032	12 months	6/30/2021
Pridelines	6400 NE 4 Court Miami, FL	\$8,275	60 months	5/31/2023
North Miami Dade	18356 NW 47th Avenue Miami, FL	\$8,205	64 months	2/28/2025
Oasis	1011 N 12th Avenue Pensacola, FL	\$5,136	60 months	11/30/2023
Norfolk, VA	1001 Monticello Street, Suite 100t Norfolk, VA	\$5,850	16 months	4/29/2021
Orlando	1227/1235/1301 W Colonial Drive Orlando, FL	\$18,258	156 months	2/28/2032
Denville Temp Space	3155 Route 10, Suite 240 Denville, NJ	\$3,793	12 months	3/31/2021
Phoenix, AZ	2999 North 44th Street, Suite 450 Phoenix, AZ	\$2,607		9/1/2020
Pensacola	8390 North Palafox Highway Pensacola, FL	\$1,917	36 months	1/31/2023
SRQ - Tuttle	1231 N Tuttle Avenue Sarasota, FL	\$22,476	156 months	1/31/2033
Palmetto	408 7th Street Palmetto, FL	\$2,642	156 months	1/31/2033
North Port	14243 Tamiami Trail North Port, FL	\$3,551	156 months	1/31/2033
Denville Perm	295-315 East Main Street Denville, NJ	\$66,375	16 years	9/30/2036
Arlington Dental/Education	601 Matlock Centre Circle Arlington, TX 76015	\$2,625	39 months	1/31/2024
Arlington Pharmacy	603 Matlock Centre Circle Arlington, TX 76015	\$2,625	39 months	1/31/2024
Arlington Medical	616 Matlock Centre Circle, Arlington, TX 76015	\$2,625	39 months	10/31/2023

Clinics

The following table includes statistical information for the period November 1, 2019 through October 31, 2020 regarding the clinics owned by the Company:

Clinic	# Distinct Active Patients⁽¹⁾	# Arrived Visits⁽²⁾	# Eligible Rx's by Diagnosis⁽³⁾	% 340B Patient Capture⁽⁴⁾
Arizona - Mobile Unit	1	1	1	
Arizona - Phoenix Suite 2	88	117	121	23%
Arlington, TX	12	15	20	
Broward House Central	229	1,365	3,330	79%
Broward House West	206	1,165	2,295	94%
Clearwater	271	1,487	5,608	81%
Columbia, SC	96	583	1,028	51%
Daytona Beach	678	3,021	15,618	84%

Clinic	# Distinct Active Patients ⁽¹⁾	# Arrived Visits ⁽²⁾	# Eligible Rx's by Diagnosis ⁽³⁾	% 340B Patient Capture ⁽⁴⁾
Denville, NJ	51	291	226	57%
Education And Testing FL Reg 2		515	7	NA
Education And Testing TX Reg 1		62		NA
Ft. Walton Beach	40	178	387	56%
Jacksonville Can – LSS	517	2,492	7,077	94%
Jacksonville Can – LSS Mobile Unit	1	1		
LGBT Life Center		76		NA
New Port Richey	241	1,302	3,089	79%
Norfolk, VA	393	1,302	801	60%
North Miami	165	979	1,360	90%
North Port	161	1,086	2,434	68%
Orlando	547	2,416	7,361	69%
Palmetto	36	48	117	47%
Pensacola	74	188	42	20%
Sarasota	930	6,642	9,574	76%
South Beach	165	1,301	1,303	81%
St. Petersburg	1,067	4,444	9,798	84%
Ybor	450	2,010	5,625	73%
	6,419	33,087	77,244	80%

- (1) *Active Patients*: Arrived to a prescribing provider visit in the report period, marked active and not deceased in EMR.
- (2) *Arrived Visit*: Any arrived patient visit in the report period. Not adjusted for currently active/living patients.
- (3) *Eligible Prescriptions by Diagnosis*: Patient problem list and/or encounter includes STD grant eligible diagnosis. Not adjusted for currently active/living patients.
- (4) *340B Patient Capture*: Estimated capture from STD grant eligible patients with at least one electronic prescription transmitted to a contracted pharmacy during report period.

Employees

Following are the current numbers of employees by category of the Company, Mail-Meds, and Tampa Family Pharmacy as of the date of this Offering Memorandum:

The Company. The Company has 266 employees in the following categories:

340B Accounting Manager:	1	IT Specialist:	2
340B Compliance Analyst:	1	LPN:	10
Accountant II:	2	LPN Team Lead:	2
Accounting Manager:	1	MA:	2
Accounts Payable Representative:	1	MA Certified:	4
Advanced Practice Registered Nurse:	1	MA/Front Desk Receptionist:	2
Advanced Registered Nurse Practitioner:	6	Manager Corporate Services:	1
Assistant Project Manager:	1	Manager of Executive Administration:	1
Billing Manager:	1	Medical Case Manager:	6
Billing Representative:	3	Medical Director of Dentistry:	1
Care Connection Representative:	4	Medical Peer Navigator:	5

Care Connection Representative–Bilingual:	2	Medical Peer Navigator/Community Liaison:	2
Care Connection Team Manager:	1	MMU/MTU Coordinator:	1
Case Manager Lead:	1	Operations Specialist:	1
CEO:	1	Patient Care Coordinator:	10
Certified MA:	5	Patient Care Director:	1
Certified Medical Assistant Front		Patient Financial Coordinator:	1
Office Receptionist:	1	Payroll Clerk:	1
Clinical Educator:	1	Payroll Supervisor:	1
Community Health Worker:	1	Peer Navigator:	1
Controller:	1	Peer Program Manager:	1
Credentialing Coordinator:	2	Peer Program Team Lead:	1
Data Specialist:	1	Pharmacy Analyst Lead:	1
Dental Assistant:	4	Pharmacy Compliance Analyst I:	4
Dental Hygienist:	2	Pharmacy Data Analyst:	1
Dentist:	4	Physician:	12
Director of Case Management:	1	Physician's Assistant:	2
Director of Clinical Operations:	1	Practice Administrator:	9
Director of Clinical Research &		Prep Navigator:	5
Medical Education:	1	Prevention Manager:	2
Director of Creative Services:	1	Prevention Specialist:	11
Director of Dental Implementation & HIM:	1	Prevention Team Lead:	1
Director of EMR/Informatics:	1	Program Specialist I:	3
Director of Facility, Design, and		Programs Accountant:	1
Construction:	1	Project Manager:	1
Director of Finance:	1	Psychiatric Nurse Practitioner:	1
Director of IT:	1	Receptionist:	1
Director of Logistics:	1	Referral Coordinator:	1
Director of Medical Administration:	1	RN:	13
Director of Nursing:	1	RN - part-time:	1
Director of Operations Tampa Family		RN Practice Administrator:	1
Pharmacy:	1	RN Team Leader:	5
Director of People & Culture:	1	Ryan White Program Coordinator:	1
Director of Prevention Services:	1	Senior Quality Analyst:	1
Director of Research Clinical Director		Senior VP of Corporate Services:	1
of NW FL:	1	Senior VP of Financial Services:	1
EHR Informatics Manager:	1	Senior VP of Medical Affairs:	1
Eligibility Specialist:	3	Senior VP of Pharmacy Services:	1
EMR Help Desk Technician:	3	Senior VP Strategic Implementation &	
EMR Technician :	1	Corporate Compliance:	1
Executive Assistants:	2	Senior Director of Compliance:	1
Facilities Manager:	1	Talent Acquisition Manager:	1
Finance Analyst:	1	Therapist:	1
Front Desk Receptionist:	22	Total Rewards Manager:	1
Grants & Contract Specialist:	1	Vice-President Governmental Affairs:	1
Health Information Management Lead:	1	Vice-President Quality &	
Health Information Management Technician:	5	Pharmacy Operations:	1
Hep C Linkage to Care Manager:	1	Vice-President West Coast Operations:	1
HIM Management Auditor:	1	VP of Clinical Services:	1
HIV Prevention Specialist:	2	VP of Education & Program Services:	1
HIV Program Manager:	2	VP of People & Organizational	
HOPWA Housing Coordinator:	1	Development	1
IT Infrastructure & Security Analyst:	1	Youth Program Coordinator:	1
IT Pharmacy Support Lead:	1		

Mail-Meds. Mail-Meds has 66 employees in the following categories:

Administrative Assistants:	3	Pharmacist:	13
Customer Service	4	Pharmacy Tech:	29
Executive Management:	1	Senior Management	2
Manager – Non-Pharmacist:	7	Shipping Specialist	1
Manager – Pharmacist:	3		

Tampa Family Pharmacy. Tampa Family Pharmacy has 25 employees in the following categories:

Administrative Assistants:	1	Patient Care Coordinator:	3
Care Coordination Manager:	1	Pharmacist:	3
Compliance Manager:	1	Pharmacy Tech:	9
Custodian:	1	Regional Account Manager:	1
Executive Management:	1	Retail Pharmacy Manager:	1
Manager of Strategic Planning:	1	Senior Clinical Manager:	1
Operations Manager:	1		

Marketing

The Company engages in many marketing initiatives focused on education and community awareness. The Company’s community health educators teach through individual and group sessions, with an emphasis on disease management, preventative health, risk reduction, and peer navigation. The Company provides free Rapid HIV and HEP-C testing and engages communities through professional presentations. The Company also provides intervention programs.

The Company’s community awareness and education strategies are client-centered and designed to meet the needs of a variety of audiences and community settings. Competent and culturally appropriate educators are available to facilitate sessions ranging from one to four hours. The Company holds a four-hour course on the last Friday of every month in the Education Center at its facilities in Sarasota, which course is open to the public. Sessions can also be scheduled throughout Sarasota County on request.

Examples of community awareness presentations include, but are not limited to, the following: (1) “Guys and Dolls,” a two-hour HIV educational presentation for both men and women that covers a wide range of topics and is available in both English and Spanish, (2) “HIV Basics” and updates, which are one, two, or four hour courses to meet licensure requirements for nurses, massage therapists, cosmetologists, and other health care and human service professionals, and which are offered the last Friday of every month, (3) “Video Opportunities for Innovative Condom Education & Safer Sex” (VOICES/VOCES), which is a group-level, single-session video-based intervention designed to increase condom use among heterosexual African American and Latino men and women, and (4) “SISTA,” which is a group-level, gender- and culturally- relevant intervention program designed to increase condom use with African American women.

The Company has partnered with other community organizations throughout several states, such as Broward House, Compass Community Center, Edge Wellness Center, Florida Nonprofit Alliance, Greenzone Hero, Latinos Salud, LGBT Life Center, Lutheran Social Services, Metro Inclusive Health, Miracle of Love, Oasis of Florida, Pridelines, Pueblo Family Physicians, SPARCC, and The Family Foundation of Greater Miami. These partnerships are intended to provide medical, mental health, and crisis assistance to patients and those living with HIV/AIDS and other sexually-transmitted diseases.

In addition to these initiatives and partnerships, the Company markets its services through general service ads, mobile medical and testing units, billboards and merchandise, social media posts, card racks at partner pharmacies, and other forms of digital and printed advertising.

Licensing

The Company is required to maintain various licenses and permits throughout multiple states. The following is a summary of such requirements:

Arizona

- a. Clinical Laboratory Improvement Amendments (CLIA)

Florida

- a. Biomedical Waste Permit
- b. Business Tax Receipts
 - City and/or county requirements vary by county
 - Several counties and cities require a BTR for the Company clinic and providers
- c. Clinical Laboratory Improvement Amendments (CLIA)
- d. Health Care Clinic Establishment (HCCE) or statutory exemption.

New Jersey

- a. Clinical Laboratory Improvement Amendments (CLIA)
- b. New Jersey Department of Health Licensure
- c. New Jersey Medical Waste Generator Certification

South Carolina

- a. Business and Professional License
- b. Infectious Waste Generator Registration

Texas

- a. Clinical Laboratory Improvement Amendments (CLIA)

Virginia

- a. Department of Health Professions License
- b. Clinical Laboratory Improvement Amendments (CLIA)

Insurance

The Company carries the following types of insurance with the following policy limits:

Property

- a. \$14,037,000 Limit of Liability - Per Occurrence
- b. Deductible: Named Storm - 3% of Values Per Building - Per Occurrence, \$25,000 Minimum Per Occurrence; Wind, Wind Driven Rain, Hail - \$10,000 Per Occurrence (Georgia and South Carolina locations), \$25,000 Per Occurrence (All Other Locations); All Other Perils - \$5,000 Per Occurrence

Professional/General Liability - Professional Liability

- a. Professional - \$3,000,000 Aggregate Limit, \$3,000,000 Each Claim Limit
- b. General Liability - \$2,000,000 Aggregate Limit, \$1,000,000 Occurrence Limit
 - i. \$1,000,000 Employee Benefits Liability - Aggregate Limit
 - ii. \$1,000,000 Employee Benefits Liability - Each Employee Limit
 - iii. \$2,000,000 Products / Completed Operations - Aggregate Limit
 - iv. \$1,000,000 Personal & Advertising Injury - Limit
 - v. \$10,000 Medical Payments - Each Person
 - vi. \$300,000 Damage to Premises Rented to You - Each Premise
- c. Deductible: \$25,000 Per Claim (Applies to Indemnity and Expense)

Excess Liability

- a. \$5,000,000 General Aggregate
- b. \$5,000,000 Each Occurrence

Automobile - \$1,000,000

Aviation

- a. \$2,000,000 Each Occurrence, including Passengers and Passenger Liability
- b. \$40,000 Medical Expense Each Occurrence
- c. \$5,000 Medical Expense Each Person, including Crew
- d. \$3,000,000 Insured Value

Employer's Liability (Worker's Compensation)

- a. \$1,000,000 Bodily Injury by Accident/Each Accident
- b. \$1,000,000 Bodily Injury by Disease/Policy Limit
- c. \$1,000,000 Bodily Injury by Disease/Each Employee

Directors and Officers/Employment Practice Liability

- a. \$6,000,000 Aggregate Limit (for all purchased Liability Coverage Sections combined)
\$3,000,000 D&O Limit
\$3,000,000 EPL Liability
- b. Deductible: D&O Clause A: \$0; D&O Clause B: \$25,000; D&O Clause C: \$25,000; EPL Clause A: \$50,000; EPL Clause B: \$50,000

Directors and Officers Liability/Excess

- a. \$2,000,000 excess of \$3,000,000 (D&O only)

Cyber

- a. \$5,000,000 Cyber Liability - Aggregate Limit
\$5,000,000 Cyber First Party - Aggregate Limit
\$5,000,000 Business Interruption - Aggregate Limit
- b. Deductible - \$50,000 Cyber Liability - Aggregate Limit; \$50,000 Cyber First Party - Aggregate Limit; \$5,000,000 Business Interruption - Hourly Cap: \$0, Waiting Period 8 hours; \$50,000 Data Recovery Expense - Aggregate

Crime/Fiduciary

- a. \$1,000,000 Employee Theft; \$1,000,000 ERISA Fidelity; \$1,000,000 Forgery or Alteration; \$1,000,000 On Premises; \$1,000,000 In Transit; \$1,000,000 Money Orders and Counterfeit Money; \$1,000,000 Computer Fraud; \$100,000 Computer Program and Electronic Data Restoration Expense; \$1,000,000 Funds Transfer Fraud; \$100,000 Personal Accounts Forgery or Alteration; \$25,000 Identity Fraud Expense Reimbursement; \$5,000 Claim Expense; \$1,000,000 Fiduciary Limit
- b. Deductible - \$10,000 Employee Theft, Forgery or Alteration, On Premises, In Transit, Money Orders and Counterfeit Money, Computer Fraud, Computer Program and Electronic Data Restoration Expense, Funds Transfer Fraud, Personal Accounts Forgery or Alteration - Single Loss Retention

Property (Vacant Building)

- a. 1517 Gregg St. - \$900,000 Limit (80% Coinsurance)

THE BONDS

General

The Bonds are to be dated as of and bear interest from their date of delivery initially at the rate of 8.5% per annum. Interest on the Bonds is payable on March 1 and September 1 (each an “Interest Payment Date”) in each year, commencing March 1, 2021. Interest is to be calculated on the basis of a 360-day year consisting of twelve 30-day months. Payment of interest on the Bonds shall be made to the registered owner and shall be paid in lawful money of the United States, pursuant to the Bond Indenture, at the close of business on the 15th day of the month (whether or not a Business Day, as defined in the Bond Indenture) next preceding each Interest Payment Date (the “Record Date”), irrespective of any transfer or exchange of any Bond subsequent to a Record Date and prior to such Interest Payment Date, by the registered owner, unless the interest thereon is in default. Upon any such default, such defaulted interest shall be payable to the registered owner at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Bond Trustee on behalf of the applicable Issuer to the registered owner of the Bond not fewer than 15 days preceding such special record date. The Bonds will bear interest on overdue principal and interest at the rate or interest borne by the Bonds.

If the date for payment of the principal or Redemption Price of, or interest on any Bond, or a date fixed for redemption of any Bond, shall be a Saturday, Sunday or other day on which banks in New York, New York or the jurisdiction of the Designated Office of the Trustee or the Master Trustee or payment office of the Paying Agent are required or permitted by law or executive order to close or the New York Stock Exchange or the Securities Depository is closed, then the date for such payment shall be the next day which is not a Saturday, Sunday or other day on which banks in New York, New York or the jurisdiction of the Designated Office of the Trustee or the Master Trustee or payment office of the Paying Agent are required or permitted by law or executive order to close or the New York Stock Exchange or the Securities Depository is closed and payment on such date shall have the same force and effect as if made on the nominal date of payment

The Bonds are being issued in fully registered form in denominations of \$25,000 and any integral multiples of \$5,000 in excess thereof (provided, however, that if the Bonds receive an Investment Grade Rating, then the authorized denominations shall be \$5,000 or any integral thereof) within a maturity and when issued will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of The Depository Trust Company, New York, New York (“DTC”)), as registered owner and nominee of DTC.

DTC will act as securities depository for the Bonds and purchases may be made only in book-entry form. While Bonds are held in book-entry form, such Bonds will be referred to herein as “Book-Entry Bonds.”) Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to “Owners,” “Bondholders” or “Registered Owners” mean Cede & Co. (or such other nominee) and not the Beneficial Owners of the Bonds. In this Offering Memorandum, the term “Beneficial Owner” means the person for whom its DTC Participant acquires an interest in the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds are payable to Cede & Co., as nominee for DTC which, in turn, is to remit such amounts to the Direct Participants for subsequent disbursement to the Beneficial Owners. See “THE DTC BOOK-ENTRY ONLY SYSTEM” IN APPENDIX D for a description of the Book Entry System. and “FORM OF BOND INDENTURE” in APPENDIX C hereto.

Company Offer to Purchase Bonds

On or prior to the 30th day prior to each purchase date set forth below (each, a “Purchase Date”), the Company shall make a purchase offer (an “Amortization Offer”) to each Owner of Bonds to purchase at par such Owner’s Bonds in an amount equal to the such Owner’s pro rata portion of the applicable amortization payment amount set forth below, which offer shall be made in writing with a copy to the Trustee. Each Owner shall have 15 days to elect whether to accept the Company’s Amortization Offer. To the extent that any Owner does not elect to accept such Amortization Offer, such Owner’s Bonds which were subject to such Amortization Offer shall not be purchased and shall remain outstanding.

<u>Date</u>	<u>Principal Amount</u>
September 1, 2024	\$ 355,000
March 1, 2025	355,000
September 1, 2025	385,000
March 1, 2026	390,000
September 1, 2026	415,000
March 1, 2027	425,000
September 1, 2027	455,000

Such election by an Owner shall be in writing to the Company and the Trustee, and shall include:

- (1) the principal amount of the Bonds owned by such Owner; and
- (2) acknowledgement that, unless the Company defaults in making payment therefor, any Bond accepted for payment on the Purchase Date shall cease to accrue interest after the Purchase Date.

In the event a Purchase Notice is received, the Company shall (a) cause funds to be deposited into the Bond Fund on or prior to the Purchase Date in the amount above, plus accrued interest to such Purchase Date, (b) direct the Trustee (I) to purchase such Bonds on the Purchase Date, and, (II) upon payment by the Company of the principal amount to be purchased, together with accrued interest thereon, to cancel such Bonds. If the Bonds are not Book-Entry Bonds, that Owners electing to have a Bond purchased pursuant to this Section will be required to surrender the Bond, with the form entitled “Option of Owner to Elect Purchase” on the Bond completed, to the Trustee at the address specified in the notice prior to the close of business on the third Business Day prior to the Purchase Date. The Trustee’s records with respect to the payment of the principal of any Bond in accordance with this subsection shall be conclusive and binding on the Owner of any Bond so paid and each successive Owner thereof.

Redemption Prior to Maturity

Optional Redemption. Bonds are subject to redemption by the Company prior to maturity on or after December 1, 2023 in whole or in part on any date (in amounts not less than \$50,000), at the redemption prices (expressed as percentages of principal amount) set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
March 1, 2024 through February 28, 2025	112%
March 1, 2025 through February 28, 2026	109%
March 1, 2026 through February 28, 2027	106%
March 1, 2027 through February 29, 2028	103%

Partial Redemption

If less than all the Bonds are to be redeemed, the particular Taxable Bonds to be redeemed shall be selected in accordance with Depository Procedures, and if the Bonds are no longer Book-Entry Bonds, shall be selected by the Bond Trustee in Authorized Denominations from the Outstanding Taxable Bonds not previously called for redemption, by lot; provided that following any such selection, both the portion of such Taxable Bonds to be redeemed and the portion remaining shall be in Authorized Denominations.

Notice of Redemption

If any Bonds are called for redemption, the Bond Trustee shall cause notice of any redemption of any Bonds to be mailed by first class mail to the Owners of all Taxable Bonds to be redeemed at the registered addresses appearing in the registration books maintained in accordance with the Master Indenture. Each such notice shall (i) be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption, (ii) identify the Bonds to be redeemed, specifying the name of the issue, the date of the issue, the stated maturity, the CUSIP numbers and certificate numbers assigned to the Bonds subject to redemption, (iii) specify the date fixed for redemption and the

Redemption Price thereof, and (iv) state that on the date fixed for redemption of the Bonds called for redemption will be payable at the payment office of the Paying Agent designated in such notice upon presentation and surrender thereof, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. Failure to give notice in the manner described in this paragraph with respect to any Taxable Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Taxable Bond with respect to which notice was properly given. If at the time of mailing any notice of the optional redemption of any Taxable Bonds, the Issuer shall not have deposited with the Bond Trustee funds sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to, and conditioned upon, the deposit of such funds with the Bond Trustee not later than 10 a.m. on the date fixed for redemption and notice thereof and shall be of no effect unless such funds are so deposited.

If, with respect to any Book-Entry Bonds, the Bond Trustee shall give notice of any redemption to the Securities Depository in the manner required pursuant to the Depository Procedures, the Bond Trustee shall not otherwise be required to give notice in accordance with this Section.

Upon the mailing of the notice provided for above and provided the amount payable in respect of such Redemption Price is irrevocably deposited with the Paying Agent, the Bonds or parts thereof designated for redemption shall become due and payable upon the date specified in such notice as the date fixed for redemption at the Redemption Price applicable at such time. Payment of the Redemption Price shall be made to the respective Owners of Taxable Bonds designated for redemption, upon surrender of such Taxable Bonds, if no longer Book-Entry Bonds, at the place stated in the notice of redemption, accompanied by duly executed instruments of transfer if applicable.

After the mailing of the notices provided for above shall have been duly made, then, on or before the date fixed or date specified in such notices for such redemption, funds in an amount sufficient to effect the redemption of the Bonds or parts thereof specified in such notices shall be deposited in trust by the Issuer with the Bond Trustee or left in trust with the Bond Trustee if previously deposited and then available for such purpose. From and after the date fixed for redemption designated in such notices (such funds having been deposited or left with the Bond Trustee, as aforesaid), notwithstanding that any Taxable Bonds so called for redemption shall not have been surrendered for cancellation, no further interest shall accrue upon any of the Bonds or parts thereof so called for redemption.

If less than all the Bonds are to be redeemed, the Issuer shall advise the Bond Trustee in writing as to the principal amount of such Taxable Bonds to be redeemed and the applicable maturities of the Bonds to which such principal shall be applied, and the particular Taxable Bonds within such maturities to be redeemed shall be selected by the Bond Trustee from Outstanding Taxable Bonds not previously called for redemption by lot; provided that following any such selection, both the portion of such Taxable Bonds to be to be redeemed and the portion remaining shall be in Authorized Denominations.

Optional Tender of Bonds

Any Bond shall be purchased from its Owner at the option of the Owner or Beneficial Owner in the case of Book-Entry Bonds on March 1, 2024 (the “Reset Date”) at a Purchase Price equal to the principal amount thereof plus accrued interest (if any) payable in immediately available funds, upon delivery to the Trustee at its Designated Office for delivery of notices of an irrevocable written notice (a “Tender Notice”) which states the election of the Owner or Beneficial Owner, as applicable, to tender its Bonds on the Reset Date (including the principal amount of such Bond to be tendered; the “Tendered Bonds”). Such notice shall be delivered to the Trustee not later than September 1, 2023.

The terms and timeline for the tender and remarketing of Bonds shall be as follows:

- i. March 1, 2023: Each Owner agrees to give notice to Trustee of its intention to tender all or any portion of its Bonds on the Reset Date, which notice shall not be binding and failure to provide such notice shall not impair any Owner’s right to deliver the Tender Notice.
- ii. September 1, 2023: Deadline to deliver Tender Notice.

iii. September 10, 2023: Trustee notifies each Owner of Bonds of the receipt of any Tender Notices, including the identity of each Owner delivering a Tender Notice and the dollar amounts of Bonds subject to any such Tender Notices.

iv. September 30, 2023: Solely to the extent that any Owner delivered a Tender Notice on or prior to September 1, 2023, the final deadline to deliver Tender Notices.

v. March 1, 2024: Reset Date for remarketing. In the event that all of the Tendered Bonds are not purchased by the Company on such date, then the interest rate on all Bonds increases to 10.5% per annum.

vi. April 1, 2024: If all the Tendered Bonds are not remarketed on or prior to or purchased by the Company on such date, then such failure is an Event of Default hereunder. The interest rate on all Bonds shall remain at 10.5% per annum.

Assuming all of the Tendered Bonds are remarketed on the Reset Date, the interest rate applicable to the Tendered Bonds on and after the Reset Date shall be the Reset Rate which shall be initially determined by the Remarketing Agent on a date not less than 15 days prior to the Reset Date and thereafter on a date not less than 15 days prior to each succeeding Reset Date. The Reset Rate applicable to the Tendered Bonds shall be the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable the Tendered Bonds to be sold on the Reset Date; *provided*, that the Reset Rate shall not exceed the Maximum Rate. On the date of such determination of the Reset Rate, the Remarketing Agent shall notify the Trustee and the Company of the Reset Rate. In the event that the Tendered Bonds are remarketed at an interest rate greater than 8.5%, the interest rate on all outstanding Bonds shall be increased to equal the interest rate of the remarketed bonds. All outstanding Bonds shall receive the benefit of any additional covenants or provisions (if any) added to the benefit of the remarketed Bonds.

The interest rate applicable to the Tendered Bonds on and after the Reset Date shall be the Reset Rate which shall be initially determined by the Remarketing Agent on a date not less than 15 days prior to the Reset Date and thereafter on a date not less than 15 days prior to each succeeding Reset Date. The Reset Rate applicable to the Tendered Bonds shall be the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable the Tendered Bonds to be sold on the Reset Date; *provided*, that the Reset Rate shall not exceed the Maximum Rate. On the date of such determination of the Reset Rate, the Remarketing Agent shall notify the Trustee and the Company of the Reset Rate.

Interest Rate Reset

The Remarketing Agent shall offer for sale and use its best efforts to remarket the Tendered Bonds to third parties for purchase at their Purchase Price on the Reset Date. At or prior to 12:00 Noon, Eastern Time, on the fifth Business Day preceding each Reset Date, the Remarketing Agent will give notice by Electronic Means to the Trustee and the Company specifying whether the principal amount of all of the Bonds have been remarketed. The Remarketing Agent shall deliver to the Trustee for deposit in the Remarketing Account, no later than 11:00 a.m., Eastern Time, on each such Reset Date, in immediately available funds, an amount equal to the Purchase Price of all of the Tendered Bonds. Such Bonds shall be purchased from (i) the proceeds of the remarketing of the Tendered Bonds held in the Remarketing Account or (ii) moneys provided by the Company no later than 11:00 a.m., Eastern Time, on each Reset Date, in immediately available funds for deposit to the Company Payment Account. In the event that there are not sufficient funds to purchase all the Tendered Bonds on the Reset Date, the interest rate on all Outstanding Bonds shall increase to 10.5% per annum for a period of thirty days after the Reset Date, during which time the Remarketing Agent shall continue to remarket the Tendered Bonds. If the Tendered Bonds have not been remarketed by April 1, 2024, such failure to purchase the Tendered Bonds is an Event of Default; and all Tendered Bonds shall be returned to the Owners thereof. In such an event, ownership of all Tendered Bonds will be retained by the Owners thereof, and the interest rate on all Outstanding Bonds shall thereupon increase to 10.5%.

The Tendered Bonds must be presented by the Owners on or before 10:30 a.m. Eastern Time on the Reset Date or, while the Securities Depository is the sole registered Owner of the Tendered Bonds, irrevocably authorize (pursuant to the Tender Notice described above) the Trustee, directly or through its DTC Participant in either case by 10:30 a.m., Eastern Time, on the Reset Date, to make appropriate entries on the books of DTC, any Direct Participant or any Indirect Participant; *provided, however*, the Trustee shall have no obligation to make or accept

such entries, if at the time that such entry is made, the Trustee has not yet received funds necessary to honor such entry. At no time shall the Trustee be required to advance its own funds as a result of a tender by a beneficial owner under the Bond Indenture, to receive payment of the Purchase Price on or after the Reset Date. Interest will cease to accrue on the Reset Date on Tendered Bonds which are purchased, or for which sufficient funds are set aside with the Trustee on the Reset Date to pay the Purchase Price of such Tendered Bonds, whether or not such Tendered Bonds have been presented for payment. The Owners who have delivered the Tendered Bonds shall have no right to retain any of the Tendered Bonds on any Reset Date; all Tendered Bonds shall be deemed tendered.

Payment of the Purchase Price of any Tendered Bonds shall be made by check (or by wire transfer to a designated bank in the United States for the account of Owners of \$1,000,000 or more in aggregate principal amount of Bonds, pursuant to instructions filed by such Owners with the Trustee), to the person in whose name a Bond is registered on the registration books for the Bonds.

“Maximum Rate” means the maximum interest rate permitted by applicable Florida law.

Purchase of Bonds on Reset Date

The Remarketing Agent shall offer for sale and use its best efforts to remarket the tendered Bonds to third parties for purchase at their Purchase Price on each Reset Date upon request of the Company. The Bonds tendered for purchase shall be purchased from (i) the proceeds of the remarketing of the Bonds held in the Remarketing Account of the Purchase Fund established pursuant to the Bond Indenture or (ii) moneys provided by the Company for deposit in the Company Payment Account of the Purchase Fund. In the event that there are not sufficient funds to purchase all tendered Bonds, such failure to purchase tendered Bonds is an Event of Default. In such event, such Bonds will be returned to the Owners thereof.

THE FAILURE TO PURCHASE ALL OF THE BONDS TENDERED FOR PURCHASE ON A RESET DATE CONSTITUTES AN EVENT OF DEFAULT UNDER THE BOND INDENTURE.

Change of Control Offer and Payment

If a Change of Control (as defined below) occurs, each Owner or Beneficial Owner will have the right to require the Company to purchase all or any part (in a principal amount equal to \$25,000 or an integral multiple of \$5,000 in excess thereof; provided that no such purchase may result in an Owner owning less than an Authorized Denomination) of that Owner’s Bonds pursuant to a Change of Control Offer (the “Change of Control Offer”). In the Change of Control Offer, the Company will offer to pay an amount in cash (the “Change of Control Payment”) equal to the then current Redemption Price of the Bonds (provided that if such Change of Control occurs prior to March 1, 2024, then the Redemption Price of the Bonds shall be deemed to be 112%) purchased, plus accrued and unpaid interest thereon, if any, to the date of purchase. Within 30 days following any Change of Control, the Company will mail a notice to each Owner of Bonds describing the transaction or transactions that constitute the Change of Control and offering to purchase Bonds on the date (the “Change of Control Payment Date”) specified in such notice, which date shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required and described in such notice. Such notice shall state:

- (1) that the Change of Control Offer is being made pursuant to Section 2.15 of the Bond Indenture and that all Bonds tendered and not withdrawn will be accepted for payment;
- (2) the purchase price (including the amount of accrued interest) and the Change of Control Payment Date;
- (3) that any Bond not tendered will continue to accrue interest;
- (4) that, unless the Company defaults in making payment therefor, any Bond accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;
- (5) that Owners electing to have a Bond purchased pursuant to a Change of Control Offer will be required deliver the completed form entitled “Option of Owner to Elect Purchase” that will be

provided with the notice of Change of Control Offer, to the Trustee at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(6) if the Bonds are not Book-Entry Bonds, that Owners will be entitled to withdraw their election if the Trustee receives, not later than the close of business (5:00 p.m. New York time) on the second Business Day prior to the Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the Owner, the principal amount of the Bonds the Owner delivered for purchase and a statement that such Owner is withdrawing his election to have such Bonds purchased;

(7) that Owners whose Bonds are purchased only in part will be issued new Bonds in a principal amount equal to the unpurchased portion of the Bonds surrendered; and

(8) the circumstances and relevant facts regarding such Change of Control.

On or before the Change of Control Payment Date, the Company will, to the extent lawful:

(a) accept for payment all Bonds or portions thereof properly tendered pursuant to the Change of Control Offer;

(b) deposit with the Trustee U.S. legal tender sufficient to pay the Change of Control Payment in respect of all Bonds or portions thereof so tendered; and

(c) deliver or cause to be delivered to the Trustee the Bonds so accepted together with a certificate of an Authorized Representative stating the aggregate principal amount of Bonds or portions thereof being purchased by the Company.

The Company will cause the Paying Agent to promptly pay to each Owner of Bonds so tendered the Change of Control Payment for such Bonds (in the same manner as payment of interest on the Bonds, to the Owners of record as of the close of business on the 15th day (whether or not a Business Day) preceding the Change of Control Payment Date, and the Company will cause the Trustee to promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Bond equal in principal amount to any unpurchased portion of the Bonds surrendered, if any; provided that each such new Bond will be in a principal amount of \$250,000 or an integral multiple of \$5,000 in excess thereof.

The Company will publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Bond Indenture applicable to a Change of Control Offer made by the Company and purchases all Bonds validly tendered and not withdrawn under such Change of Control Offer.

The Company shall not be required to make a Change of Control Offer, as provided above, if, in connection with or in contemplation of any Change of Control, it or a third party has made an offer to purchase (an "Alternate Offer") any and all Bonds validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Bonds properly tendered in accordance with the terms of such Alternate Offer. Any Alternate Offer may be terminated by the Company or such third party at any time prior to the consummation of the applicable Change of Control. The Alternate Offer shall remain, if commenced prior to the Change of Control, open for acceptance until the earlier of (a) the consummation of the Change of Control or (b) any termination of the Alternate Offer by the Company or such third party prior to the consummation of the applicable Change of Control, must permit Holders to withdraw any tenders of Bonds made pursuant to the Alternate Offer until the final expiration or consummation thereof and must comply with all the other provisions applicable to the Change of Control Offer.

In the event that the Bonds shall be subject to redemption or tender (or the Company has exercised a right to do so) on the same date that the Bonds are subject to a Change of Control Offer, the redemption and tender provisions in the Indenture shall control, including without limitation with respect to the redemption price or Purchase Price of 100% of the principal amount of the Outstanding Bonds plus accrued and unpaid interest.

The Company will comply, and will use reasonable efforts to ensure that any third party making a Change of Control Offer or an Alternate Offer will comply, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with such Change of Control Offer or an Alternate Offer. To the extent the provisions of any applicable securities laws or regulations conflict with the provisions of the Bond Indenture relating to a Change of Control Offer, the Company will not be deemed to have breached its obligations under the Bond Indenture by virtue of complying with such laws or regulations.

“Change of Control” means one of the following events: (i) any sale, lease, exchange or other transfer (in a single transaction or a series of related transactions) of all of substantially all of the assets of the Obligated Group to any Person (or “group” within the meaning of the Exchange Act or the rules of the Securities and Exchange Commission thereunder in effect on the date of the Bond Indenture), other than a sale, lease, exchange or other transfer to another Obligated Group Member, (ii) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person (or “group” (within the meaning of the Exchange Act or the rules of the Securities and Exchange Commission thereunder in effect on the date of the Bond Indenture), of 25% or more of the issued and outstanding Capital Stock of an Obligated Affiliate other than by a Person that is (a) record holder of the issued and outstanding Capital Stock of an Obligated Affiliate as of the date of issuance and delivery of the Bonds (the “Closing Date”) or (b) is an Affiliate of an Obligated Affiliate, (iii) except to the extent such a change is the result solely of the retirement, resignation, death or disability of directors who are directors as of the Closing Date, the occupation of a majority of the seats (other than vacant seats) on the board of directors of CAN by Persons who are neither (a) directors as of the Closing Date, (b) nominated by the current board of directors, nor (c) appointed by directors so nominated, or (v) an Obligated Affiliate ceases to own, directly or indirectly, at least the percentage interest of the Capital Stock in its Subsidiaries owned by it as of the Closing Date, or (vi) the Company loses its 501(c)(3) status.

“Capital Stock” means (i) with respect to any Person that is a corporation, any and all shares, interests or equivalents in capital stock (whether voting or nonvoting, and whether common or preferred) of such corporation or (ii) with respect to any Person that is not a corporation, any and all partnership, membership, limited liability company or other equity interests of such Person; and in each case, and all warrants, rights or options to purchase any of the foregoing or (iii) with respect to any Person that is a not for profit corporation not having stock, such corporation’s members if the members have complete discretion to elect the corporation’s directors, or the corporation’s directors if the corporation does not have members or the corporation’s members do not have such discretion.

RESTRICTIONS ON OWNERSHIP AND TRANSFER OF BONDS

THE BONDS ARE OFFERED ONLY TO, AND MAY BE OWNED ONLY BY, “QUALIFIED INSTITUTIONAL BUYERS,” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT. Representations for Rule 144A Securities to be included in the DTC Letter of Representations (the “DTC 144A Rider”) will be filed with DTC with respect to the Bonds. The DTC 144A Rider will identify the Bonds as restricted securities. Bonds may be transferred only to investors meeting such standards. Pursuant to the Bond Indenture, transfers in violation of this requirement are null and void. See “BONDHOLDERS’ RISKS – Limited Market for Bonds – Restrictions on Transfer” herein.

INVESTOR SUITABILITY STANDARDS

Investment in the Bonds involves a significant degree of risk and is only suitable for investors who satisfy the requirements set forth below. As a condition to its purchase of the Bonds, each purchaser of the Bonds shall be deemed to have certified to the Company and the Underwriter the following:

- a. It is a Qualified Institutional Investor;
- b. It has relied on the information contained in this Offering Memorandum and has had an opportunity to review the risks associated with the Company and its operations contained herein, particularly under the section headed “BONDHOLDERS’ RISKS;”

- c. It can (a) bear the economic risk of the purchase of the Bonds and (b) has such knowledge and experience in business and financial matters as to be capable of evaluating the risks and merit of an investment in the Bonds;
- d. It acknowledges (i) that the Bonds are suitable only for inclusion in a diversified portfolio containing high yield, high risk securities and (ii) that such purchaser has undertaken the responsibility for obtaining all the information that is deemed necessary and desirable to form such a decision to purchase the Bonds;
- e. It understands that the Bonds are not currently required to be, have not been, and are not intended to be, registered under the Securities and Exchange Act of 1934 and all applicable securities laws of the State of Florida or registered or otherwise qualified under the securities laws of any state or other jurisdiction (collectively, the “Securities Laws”), and that any sale or other transfer of the Bonds (other than estate transfer) may be transferred only to transferees that meet the qualifications set forth in paragraphs (a)–(e) above and only in accordance with such Securities Laws.
- f. It acknowledges that:
 - i. It has relied on the Offering Memorandum to evaluate the factors associated with its investment decision to purchase the Bonds;
 - ii. It has been provided with full and complete access to and has been furnished with all the information requested regarding the Obligated Group and the Bonds as was deemed by such purchaser necessary in connection with the purchase of the Bonds;
- g. It has waived any requirement of due diligence and investigation or inquiry on the part of the Bond Trustee.
- h. It is not purchasing the Bonds for not more than one account for investment and not with a view to distribution, transfer or resale thereof.

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PLAN OF FINANCING

The purposes for which the Company is issuing the Bonds include refinancing existing debt to realize interest savings and to achieve approximately equal annual debt service requirements, financing certain capital improvements to existing facilities, and financing expansion by the Company.

Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds for the Bonds:

Sources of Funds

Bonds	\$91,350,000
Total Sources of Funds	\$91,350,000

Uses of Funds

Refinance Syndicated Bank Loan	\$47,178,368
Refinance Line of Credit	1,556,221
Refinance Seller Notes Relating to JTJ Medical Supply Inc. and Tampa Family Pharmacy, LLC	5,410,554
Refinance Bank Mortgage Loan	2,557,086
Terminate Swaps Relating to Bank Loans	1,100,000
Finance Acquisitions of Midland Medical – Broward, LLC, Midland Research Group, LLC, and Pride Pharmaceuticals, LLC	13,500,000
Funds Capital Improvements and Improvements	6,500,000
Fund Debt Service Reserve Fund	7,764,750
Fund Working Capital	1,803,477
Costs of Issuance ⁽¹⁾	3,979,544
Total Uses of Funds	\$91,350,000

⁽¹⁾ Includes legal fees and fees of consultants and advisors, printing costs, and underwriter's discount (which may be withheld, reducing the deposit to the Issuance Cost Fund).

Following are brief descriptions of the use of the proceeds of the Bonds:

Refinancing Existing Debt

The following existing loans will be refinanced:

Syndicated Bank Loan and Lines of Credit. A loan pursuant to a syndicated credit agreement dated December 11, 2019 among the company, Mail-Meds, Tampa Family Pharmacy, and a commercial bank in the outstanding principal amount of \$47,175,000 was incurred to finance the acquisition of 80% of the outstanding stock of Mail-Meds and 100% of the membership interests in Tampa Family Pharmacy. The amount shown in Uses of Funds includes accrued and unpaid interest. A revolving line of credit in the amount of \$1,556,221 with the same commercial bank will be repaid.

Mortgage Loan. A mortgage loan from a commercial bank in the amount of \$2,557,000 that financed the acquisition of real property located adjacent to the Company's headquarters will be repaid.

Seller Notes. Seller notes in the aggregate principal amount of \$5,410,554 relate to the acquisitions of Mail-Meds and Tampa Family Pharmacy. The Seller notes are obligations of JTJ Medical Supply Inc. and Tampa Family Pharmacy, LLC and the Company will make intercompany loans to JTJ Medical Supply Inc. and Tampa Family Pharmacy, LLC to enable the seller notes to be refinanced.

Swap Termination

In connection with repaying the loan under the syndicated credit agreement with a commercial bank, interest rate swap related to the loan is being terminated and the swap termination fee is approximately \$1,100,000.

Midland and Pride Acquisitions

\$13,500,000 will be used to finance a portion of the cost of the acquisition Midland Medical – Broward, LLC, Midland Research Group, LLC, and Pride Pharmaceuticals, LLC by MidlandCAN, LLC. See “THE COMPANY AND THE OBLIGATED GROUP – Midland Acquisitions” above. In addition, an aggregate of \$2,000,000 of unsecured notes of the Obligated Group will be issued to the sellers of the Midland entities (the “Midland Seller Notes”). The Midland Seller Notes are not secured by the Master Indenture.

The Master Indenture provides that the Obligated Affiliates shall not make any optional payments of principal, interest or other amounts due under the Midland Seller Notes. The Obligated Affiliates shall not make any required payments of principal, interest or any other amounts due under the Seller Notes if (i) there is a payment default hereunder or Event of Default has occurred and is continuing, (ii) the Obligated Group would not be in compliance with the hereinafter defined Financial Covenant Compliance Test after giving effect to such payment or (iii) such payment would cause an Event of Default hereunder. The Obligated Affiliates agree to not make any modifications to the Seller Notes, including but not limited to any change of payment terms or rate of interest thereon, without the prior written consent of the Holders of a majority of the outstanding principal amount of the Controlling Master Notes.

Capital Improvements to Facilities

The financing includes and \$6,500,000 to fund capital improvements to facilities owned by or leased by the Company consisting primarily of improvements to information technology systems and data storage and security and new furniture and clinical equipment.

Working Capital

\$1,803,477 of the proceeds of the Bonds will fund working capital for the Company.

Debt Service Requirements

Period Ending	Company Offer to Purchase		Total
	Bonds/Maturity ⁽¹⁾	Interest	
March 1, 2021		\$1,315,694	\$1,315,694
September 1, 2021		3,882,375	3,882,375
March 1, 2022		3,882,375	3,882,375
September 1, 2022		3,882,375	3,882,375
March 1, 2023		3,882,375	3,882,375
September 1, 2023		3,882,375	3,882,375
March 1, 2024		3,882,375	3,882,375
September 1, 2024	\$ 355,000	3,882,375	4,237,375
March 1, 2025	355,000	3,867,288	4,222,288
September 1, 2025	385,000	3,852,200	4,237,200
March 1, 2026	390,000	3,835,838	4,225,838
September 1, 2026	415,000	3,819,262	4,234,262
March 1, 2027	425,000	3,801,625	4,226,625
September 1, 2027	455,000	3,783,562	4,238,562
March 1, 2028	88,570,000	3,764,225	92,334,225

(1) See “THE BONDS – Company Offer to Purchase Bonds for a description of the option of the Owners of the Bonds to require the purchase of up to the amount of Bonds shown. The Bonds are subject to optional redemption prior to maturity.

See “THE BONDS – Redemption Prior to Maturity.” The Bonds are also subject to optional tender for purchase prior to maturity. See “THE BONDS – Optional Tender of Bonds.” The Bonds Mature on March 1, 2028.

SECURITY FOR THE BONDS

Source of Payment

The Bonds are unconditional, full faith and credit obligations of the Obligated Group.

Funds Held Under the Bond Indenture

Debt Service Reserve Fund. The Debt Service Reserve Fund established under the Bond Indenture shall be funded initially with \$7,764,750 of proceeds of the Bonds. In the Bond Indenture, the Borrower has covenanted to maintain a balance in the Debt Service Reserve Fund equal to the next two succeeding interest payments (the “Debt Service Reserve Fund Requirement”).

(a) Amounts in the Debt Service Reserve Fund may not be used to make principal (except as provided in paragraph (b) below), amortization payments or interest payments (except as provided in paragraph (b) below) on the Bonds. However, the Company may draw on the Debt Service Reserve Fund in connection with an optional redemption of Bonds, in whole or in part, or when honoring a Change of Control offer; provided that the remaining funds in such account must at all times be sufficient to pay scheduled interest payments due on the remaining principal amount of the Bonds outstanding during the next 12 months (the “Debt Service Reserve Fund Requirement”). The Bonds are subject to optional redemption in whole or in part on and after March 1, 2024 as provided in the Bonds.

(b) The Trustee shall apply any Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund to pay in full the principal of and interest on the Bonds on the Maturity Date of the Bonds.

(c) In the event that the interest rate on the Bonds increases as a result of a remarketing event or any other applicable circumstance, then the Company must add additional cash to the Debt Service Reserve Fund to ensure that it is sufficient to cover scheduled interest payments due on the remaining principal amount of the Bond during the next 12 months.

(d) (i) Upon the occurrence of an Event of Default of which the Trustee is deemed to have notice hereunder and the election by the Trustee of the remedy specified in Section 7.3 of the Bond Indenture, any Debt Service Reserve Fund Obligations in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Fund and applied in accordance with Section 7.7 of the Bond Indenture.

(ii) On March 1 and September 1 in each year, any earnings on the Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Fund Requirement shall be transferred into the Bond Fund.

(e) In the event Debt Service Reserve Obligations are used by the Trustee for any reason or the value of the Debt Service Reserve Fund Obligations held therein declines to less than the Debt Service Reserve Fund Requirement, the Debt Service Reserve Fund shall be replenished in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited within 5 Business Days.

Excess Cash Flow Fund. The Company shall make a quarterly payment into the Excess Cash Flow Fund established under the Bond Indenture, payable on February 15, May 15, August 15 and November 15 of each year, in an amount equal to the Excess Cash Flow Recapture Amount calculated based on the quarterly financial statements of the Company for the fiscal quarter immediately preceding such payment date delivered pursuant to Section 8.10 of the Master Indenture. The Company shall provide to the Trustee evidence of such calculation, and the Trustee shall be entitled to rely on said certificate without further review.

“Excess Cash Flow Recapture Amount” means, for each fiscal quarter, an amount equal to 25% of the prior year’s EBITDA, minus all scheduled payments of principal and interest, including without limitation, the Subordinate Debt for such fiscal quarter (and specifically excluding the payment due at

maturity under the Seller Notes if made during such fiscal quarter), as determined by the Company with reference to the annual financial statements for such fiscal quarter in accordance with Section 8.10 of the Master Indenture for such fiscal quarter.

“EBITDA” means, for the Obligated Group as of any date of determination, on a consolidated basis, the excess of gross revenue over expenses, before adjustments for allocations with respect to Non-Controlling Interests, for the twelve (12) month period ended on such date of determination, determined on a consolidated basis in accordance with GAAP adjusted for non-recurring and non-cash items as determined by the Obligated Group Agent and approved by the Holders of more than a majority in principal amount of the Controlling Master Debt Outstanding in their sole but reasonable discretion, plus (A) Interest Expense for such period, plus (B) income tax expense for such period, plus (C) depreciation expense for such period, and plus (D) amortization (including amortization of intangibles) expense for such period.

Moneys in the Excess Cash Flow Fund may not be used to make principal (except as provided in the following paragraph, amortization payments or interest payments (except as provided in the following paragraph) on the Bonds.

Upon the occurrence of an Event of Default of which the Bond Trustee is deemed to have notice under the Bond Indenture and the election by the Bond Trustee to accelerate the payment of the Bonds, any moneys or investments in the Excess Cash Flow Fund shall be transferred by the Bond Trustee to the Bond Fund and applied in accordance with Section 7.7 of the Bond Indenture.

On the final maturity date of the Bonds, any investments in the Excess Cash Flow Fund after giving effect to such maturity may, upon the direction of the Company be used to pay the principal of and interest on such series of Bonds on such final maturity date.

If at any time moneys in Debt Service Reserve Fund and the Excess Cash Flow Fund are sufficient to pay the principal or redemption price of all Bonds, the Bond Trustee may, upon the direction of the Company, use moneys on deposit in the Debt Service Reserve Fund and the Excess Cash Flow Fund to pay such principal or redemption price of such Bonds.

In the event that (i) the Company delivers to the Trustee evidence that the Bonds have been rated BBB (or equivalent) or better by at least two Rating Agencies, (ii) no Event of Default hereunder shall have occurred and be continuing, and (iii) the Total Leverage Ratio, as evidenced by a certificate of the Company provided to the Trustee and on which it may rely, is less than 2.50 for the immediately preceding Fiscal Year, then, upon the written request of the Company to the Trustee, the moneys on deposit in the Excess Cash Flow Fund shall be transferred to the Company. However, the Excess Cash Flow Fund shall remain in place and the provisions of the first paragraph above relating to the annual payment into the Excess Cash Flow Fund shall continue to apply. Any future release of cash from such Fund shall be subject to once again satisfying the conditions set forth in (i), (ii) and (iii) of this paragraph.

The Master Indenture

The Bonds are secured by the Series 2020 Master Debt that will constitute Master Debt issued under the Master Indenture. The Series 2020 Master Debt will be the joint and several obligation of the Obligated Group. The Series 2020 Master Debt will entitle the Bond Trustee, as the holder thereof, to the protection of the covenants, restrictions and other obligations imposed upon the Obligated Group members by the Master Indenture. See APPENDIX B – “FORM OF THE MASTER INDENTURE.”

Granting Clauses

The Series 2020 Master Debt is secured on a parity with other Senior Master Debt issued under the Master Indenture from time to time by the following property pledged under the Master Indenture.

FIRST: All Gross Revenues of the Obligated Affiliates, including without limitation rights to receive payments from third party payors such as Medicare and Medicaid, *but except and excluding* all such items, whether now owned or hereafter acquired by any Obligated Affiliate, which by

their terms or by reason of applicable law are prohibited from being granted, assigned, or pledged hereunder or would become void or voidable if granted, assigned, or pledged hereunder by such Obligated Affiliate, *provided* that any Obligated Affiliate may subject to the lien of this Indenture any such excepted property, whereupon the same shall cease to be excepted property; and

SECOND: All right, title, and interest of the Obligated Affiliates in and to all money and investments deposited or required to be deposited with the Trustee under the Master Indenture; and

THIRD: All Accounts, Bank Accounts, Chattel Paper, Commercial Tort Claims, Contract Rights (and Related Rights), Documents, Equipment, Fixtures, General Intangibles (including Payment Intangibles), Goods, Instruments, Intellectual Property, Inventory, Investment Property, Letter of Credit Rights, Money, Receivables, Software, Supporting Obligations of the Obligated Affiliates (except as otherwise defined in the Master Indenture, such terms shall have the meanings set forth in the Uniform Commercial Code (provided that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning set forth in Article 9 of the Uniform Commercial Code), whether now owned or hereafter acquired or arising wherever located, and all proceeds (including Cash Proceeds and cash equivalents), products, accessions, and replacements thereof, *but except and excluding* all such items, whether now owned or hereafter acquired or arising wherever located, which by their terms or by reason of applicable law are prohibited from being granted, assigned, or pledged hereunder or would become void or voidable if granted, assigned, or pledged hereunder by such Obligated Affiliate (in each case after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code or other applicable law), *provided* that any Obligated Affiliate may subject to the lien of this Indenture any such excepted property, whereupon the same shall cease to be excepted property; and

FOURTH The Mortgaged Property and all other real property mortgaged pursuant to Section 8.24(B) of the Master Indenture; and

FIFTH: At such time as a security interest in the Aircraft is required to be granted pursuant to Section 8.23 of the Master Indenture, all right, title, and interest of CANTransport, LLC, in and to the Aircraft; and

SIXTH: All of the Obligated Affiliates' right, title and interest in, to and under (a)(i) the equity interests owned by each such Obligated Affiliate on the date of the Master Indenture, (ii) any other equity interests obtained after the date of the Master Indenture by each such Obligated Affiliate and (iii) the certificates and any other instruments representing all such equity interests, and (b)(i) the debt securities held by such each such Obligated Affiliate on the date of the Master Indenture, (ii) any other debt securities issued to or held by such each such Obligated Affiliate after the date of the Master Indenture and (iii) the promissory notes and any other instruments evidencing such debt securities; and

SEVENTH: All insurance proceeds, refunds, and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds, and premium rebates arise out of any of the foregoing Granting Clauses, all liens, guaranties, rights, remedies, and privileges pertaining to any of the foregoing Granting Clauses, and, To the extent not covered above, all of the assets, whether real, personal or mixed, and whether tangible or intangible, of the Obligated Affiliates, together with all such assets of any type which may be subsequently acquired by the Obligated Group, together with all products, accessions, replacements and proceeds thereof.

Mortgage

In the Master Indenture, the Company has covenanted that within 90 days following issuance of the Bonds, it will execute and deliver a mortgage in favor of the Master Trustee encumbering the property adjacent to the Company's headquarters including a former school building, two single family houses, and approximately 3.33 acres of vacant land, all of which the Company intends to use for future expansion. In addition, upon payment of the existing mortgages securing the Company is obligated Failure to provide such mortgage within 90 days of the date of issuance of the Bonds days will result in an Event of Default.

Springing Security Interest in Aircraft

The Master Indenture provides that within 60 days after the existing loan that financed the Aircraft has been paid in full, CANTransport shall grant a first lien perfected security interest in the Aircraft to the Master Trustee. In connection therewith, CANTransport shall execute and deliver to the Master Trustee a security agreement, financing statement, registration statement and other documents necessary in connection therewith.

Combined Group

As of the date of issuance of the Bonds, the Company, CANTransport, LLC, JTJ Medical Supply Inc., MidlandCAN, LLC, Midland Medical – Broward, LLC, Midland Research Group, LLC, Pride Pharmaceuticals, LLC, Pride Pharmacy, LLC, and Tampa Family Pharmacy, LLC will be the sole Obligated Affiliates, comprising the “Obligated Group” under the Master Indenture. The Master Indenture permits the addition of other Obligated Affiliates to the Obligated Group and the withdrawal of Obligated Affiliates as described below under “Admission and Withdrawal of Obligated Affiliates.”

The Master Indenture also permits the addition of other entities (Designated Affiliates or Restricted Affiliates) which, when combined with the Obligated Group, comprise the “Combined Group.” Currently, there are no Designated Affiliates or Restricted Affiliates. The Master Indenture provides for certain terms and conditions under which additional entities may be added to, or may be released from, the Combined Group. The Company has been designated as the “Combined Group Representative” to act on behalf of itself and any other Combined Group Member under the Master Indenture. See Article Nine of the Master Indenture included as APPENDIX B – “FORM OF THE MASTER INDENTURE” for the requirements for admission and withdrawal of Designated Affiliates or Restricted Affiliates. See Section 1.06 of the Master Indenture included as APPENDIX B – “FORM OF THE MASTER INDENTURE” for the provisions permitting financial results of Designated Affiliates and Restricted Affiliates to be combined with the financial results of the Obligated Group for certain purposes.

Financial and Operating Covenants

Following are descriptions of certain financial and operating covenants contained in the Master Indenture. See APPENDIX B – “FORM OF THE MASTER INDENTURE.”

Financial Statements and Other Information. A. Each Member of the Combined Group shall keep or cause to be kept on its behalf, and shall cause each entity whose financial information is reflected in its Financial Statements to keep, at all times, books of record and accounts in accordance with GAAP as of the date thereof *except* (i) any such Person may provide for depreciation on the basis of historical cost adjusted for the effect of changes in the purchasing power of the dollar or (ii) as may be disclosed in the notes to the Financial Statements.

B. The Combined Group Representative shall post to the Reporting Website as soon as available, and in any event within 150 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2021, (i) Financial Statements showing the results of operations of the System or the Combined Group, as applicable, and (2) the Compliance Certificate required by Section 8.12 of the Master Indenture. Any Person whose financial information is reflected or reported in the Financial Statements of another Person need not submit separate financial statements pursuant to this Section. Such financial statements:

(i) may consist, at the option of the Combined Group Representative, of (1) System Financial Statements, or (2) Combined Group Financial Statements, each presented on a consolidating and consolidated basis;

(ii) shall be audited (or, in the case of Combined Group Financial Statements that are contained in System Financial Statements, the System Financial Statements shall be audited) by an independent certified public accountant and contain such independent certified public accountant’s report thereon, which report shall include an unmodified opinion to the effect that the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the audited Person in conformity with generally accepted accounting principles as of the date thereof (except, in the case of special purpose financial statements, for required consolidations) for such period.

(iii) shall contain such statements necessary for a fair presentation of unrestricted net assets or net worth, results of operations and changes in unrestricted net assets or net worth and financial position as at the end of such reporting period, all stated in accordance with generally accepted accounting principles as of the date thereof consistently applied (except, in the case of special purpose financial statements, for required consolidations).

C. The Combined Group Representative post to the Reporting Website as soon as available, and in any event within 45 days after the end of each fiscal quarter commencing with the fiscal quarter commencing March 31, 2021, (i) quarterly unaudited financial statements of the Combined Group or the System, as applicable, including a consolidated and consolidating statement of revenues and expenses and statement of cash flows of the Combined Group or the System during such period, a consolidated and consolidating balance sheet as of the end of each such fiscal quarter, all prepared in reasonable detail and certified, subject to year-end adjustment, by an officer of the Combined Group Representative and (ii) a compliance certificate demonstrating that the Obligated Group will be in pro forma compliance with the Minimum Fixed Charges Coverage Ratio and the Maximum Total Leverage Ratio (the “Financial Covenant Compliance Test”) for such fiscal quarter, prepared in reasonable detail by an officer of the Combined Group Representative.

D. The Combined Group Representative shall post to the Reporting Website notice of the following events as soon as practicable, but no later than five Business Days after the occurrence thereof: (a) significant acquisitions or dispositions in excess of \$500,000; (b) the bankruptcy of an Obligated Affiliate; (c) the acceleration of any Debt having a principal amount in excess of \$500,000; (d) a change in the certifying independent auditor of the Combined Group; (e) the appointment or departure of the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Chief Operating Officer or President (or persons fulfilling similar duties) of the Obligated Group Agent; (f) non-reliance on previously issued financial statements; (g) Change of Control transactions and (h) any other material event announced publicly; *provided* that no such current report will be required to be furnished if the Obligated Group Agent determines in its good faith judgment that such event is not material to Holders or to the business, assets, operations, financial position or prospects of the Obligated Group, taken as a whole, or if the Obligated Group determines in its good faith judgment that such disclosure would otherwise cause material competitive harm to the business, assets, operations, financial position or prospects of the Obligated Group, taken as a whole; *provided, further*, that such non-disclosure shall be limited only to those specific provisions that would cause material competitive harm and not the occurrence of the event itself;

E. The Combined Group Representative agrees that, for so long as any Related Bonds are outstanding, the Combined Group Representative shall furnish to the Owners or Beneficial Owners, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision).

F. So long as the Related Bonds are outstanding, Combined Group Representative shall also:

(i) promptly after posting the reports in B. and C. above, but no later than 7 Business Days thereafter, hold a conference call to discuss such reports and the results of operations for the relevant reporting period; and

(ii) announce by post to the Reporting Website, which may require a confidentiality acknowledgment (but not restrict the recipients of such information from trading securities of any of the Combined Group), prior to the date of the conference call required to be held in accordance with paragraph F.(i) above the time and date of such conference call and either all information necessary to access the call or informing the Reporting Information Recipients how they can obtain such information, including, without limitation, the applicable password or other login information.

G. Any Person that accesses such financial information or seeks to participate in any conference calls required by paragraph F.(i) above may be required to provide its email address, employer name and other information reasonably requested by the Company and represent to the Company (to the Company’s reasonable good faith satisfaction) that:

(i) it is a Reporting Information Recipient;

(ii) it will not use the information in violation of applicable securities laws or regulations;

(iii) it will keep such provided information confidential and will not communicate the information to any Person; and

(iv) it (a) will not use such information in any manner intended to compete with the business of the Company and its Subsidiaries and (b) is not a Person (which includes such Person's Affiliates) that (i) is principally engaged in a similar business or (ii) derives a significant portion of its revenues from operating or owning a similar business.

H. At any and all times, upon the written request of a Holder of Controlling Master Debt or the Owner or Beneficial Owner of the Related Bonds, by their agents and attorneys, to inspect the properties of any such Member of the Combined Group, or any of its consolidated subsidiaries and Affiliates, and to examine all the books of account, records, reports, and other financial papers of such Persons and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection and examination, and will furnish the such Holder, Owner or Beneficial Owner any and all such other information as they may reasonably request with respect to the performance or observance by such Persons of their covenants in the Master Indenture.

I. The Combined Group Representative may designate a different Fiscal Year for the Members of the Combined Group or for the System by delivering a notice to the Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the "Interim Period") of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Combined Group Representative covenants that it will furnish to the Trustee, as soon as practicable after it is available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by an independent certified public accountant selected by the Combined Group Representative covering the operations of the Combined Group or the System, at the discretion of the Combined Group Representative, for such Interim Period and containing a combined balance sheet as of the end of such Interim Period, a combined statement of operations (revenues and expenses) for such Interim Period, and a combined statement of changes in net assets as of the end of such Interim Period, to the extent that such combined balance sheet, combined statement of operations, and combined statement of changes in net assets exist at the time such election is made. To the extent that a combined balance sheet, a combined statement of operations, or a combined statement of changes in net assets does not exist at the time such election is made, the Combined Group Representative shall provide a statement or statements that are, in its judgment, the closest approximation to such statement or statements that are available and that are certified by an independent certified public accountant selected by the Combined Group Representative.

J. The Combined Group Representative will post to the Reporting Website, within 150 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2021, an Officer's Certificate stating that:

A. *Review*: a review of the activities of the Obligated Affiliates during such year and of performance under the Master Indenture has been made, and

B. *No Default*: to the best of the signer's knowledge, based on such review, the Obligated Affiliates have fulfilled all of their respective obligations under the Master Indenture throughout such year, or, if there has been a Default or Event of Default in the fulfillment of any such obligation, specifying each such Default or Event of Default known and the nature and status thereof.

See "REPORTING WEBSITE" herein for information regarding obtaining the financial information described above.

Fixed Charge Coverage Ratio. (a) The Obligated Group shall maintain a Fixed Charge Coverage Ratio calculated quarterly as of March 31, June 30, September 30, and December 31 (each a "Coverage Testing Date") of each year, on a trailing 12-month basis, commencing March 31, 2021 as follows

<u>Coverage Testing Dates in the Year:</u>	<u>Minimum Fixed Charges Coverage Ratio</u>
2021 and 2022	1.50 to 1.00
2023	1.75 to 1.00
2024 and thereafter	2.00 to 1.00

Calculations of the Fixed Charges Coverage Ratio on each Coverage Testing Date shall be based on internally prepared financial statements. Additionally, the Obligated Group shall calculate the Fixed Charge Coverage Ratio as of each June 30 based on the

“Fixed Charge Coverage Ratio” means for any period (i) EBITDA plus rent and lease expenses minus cash taxes paid minus dividends and distributions paid to shareholders/members other than the Company, divided by (ii) all scheduled principal payments on funded debt plus interest expense plus rent and lease expenses.

Maximum Total Leverage Ratio. The Obligated Group shall maintain a Cash Flow Leverage Ratio calculated quarterly as of March 31, June 30, September 30, and December 31 (each a “Leverage Testing Date”) of each year, on a trailing 12-month basis, commencing March 31, 2021 as follows

<u>Leverage Testing Dates in the Year:</u>	<u>Maximum Total Leverage Ratio</u>
2021	6.00 to 1.00
2022	4.75 to 1.00
2023	4.00 to 1.00
2024 and thereafter	3.00 to 1.00

“Total Leverage Ratio” shall mean, for any period, Total Debt for such period divided by EBITDA for such period, provided that such calculation shall not be rounded up from the thousandth to the nearest hundredth.

“Total Debt” shall mean all Debt owed by the Obligated Group.

Investor Liaison. The Holders of a majority of principal amount of Controlling Master Debt Outstanding shall be entitled to provide a list of three reasonably qualified investor liaison candidates to the Company’s chief executive officer (“CEO”). CEO shall use reasonable discretion to select one person from such investor liaison candidate list to serve as investor liaison (“Investor Liaison”). Investor Liaison shall have the right to attend the Company’s Board of Directors meetings at which business is conducted as a non-participating observer. The Company shall provide Investor Liaison with notice of all Board of Directors meetings in the manner for notifying a member of the Board of Directors as set forth in the Company’s bylaws and shall be provided with any information that is provided to the full Board of Directors of the Company. Investor Liaison shall serve for so long as the Bonds remain outstanding. In the event CEO determines in CEO’s reasonable discretion that Investor Liaison is serving in a manner not in the best interest of the Company or of the bondholders or is otherwise disruptive to the operation of the Board of Directors meetings, upon 30 days’ notice from the CEO, the Owners of a majority of principal amount of Bonds Outstanding will provide a list of alternative reasonable qualified investor liaison candidates from which CEO shall use reasonable discretion to select a replacement for the Investor Liaison (the “CEO Replacement Right”). The CEO Replacement Right may only be exercised by CEO once as long as the Bonds remain outstanding. To the extent the Investor Liaison has information to share with Owners of the Bonds Outstanding, it shall provide such information in a manner that allows each Owner and prospective Owner the opportunity to access such information and/or participate in any discussions regarding such information in such Owner’s or prospective Owner’s discretion..

Capital Expenditures. The Obligated Affiliates shall not incur or make Capital Expenditures during any Fiscal Year in excess of \$6,500,000, in any Fiscal Year, without the prior written consent of the Holders of not less than a majority of the principal amount of the Controlling Master Notes.

Restricted Payments. The Obligated Affiliates shall not declare or make any Restricted Payment or enter into any agreement to make any Restricted Payment, except for dividends and distributions payable by an Obligated Affiliate to its shareholders or members, so long as such dividends and distributions are based on pro-rata ownership and the Obligated Affiliate has received a pro rata distribution.

“Restricted Payment” means (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock or other equity interest of any Obligated Affiliate now or hereafter outstanding; (b) any redemption, conversion, exchange, retirement or similar payment, purchase or other acquisition for value, direct or indirect, or any shares of any class of stock or other equity interest of any

Obligated Affiliate now or hereafter outstanding and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock or other equity interest of an Obligated Affiliate now or hereafter outstanding.

Limitation on Incurrence of Debt

No Parity Debt. No Obligated Affiliate shall create, assume, guarantee, or otherwise become liable in respect of any Debt except (i) as permitted by the provisions of described under “Permitted Debt,” and (ii) the Master Debt of the Obligated Group Agent incurred contemporaneous with the execution and delivery of the Master Indenture composed of (a) the Bond Indenture which constitutes Senior Master Debt hereunder and (b) the Subordinated Continuing Guaranties relating the Midland Acquisitions which constitute Subordinate Master Debt under the Master Indenture.

Permitted Debt. So long as any Bonds are Outstanding, neither the Company nor any other Obligated Affiliate shall incur any Debt which is secured on a parity with Bonds as Senior Master Debt under the Master Indenture without the written consent of the Holders of a majority of principal amount of Controlling Master Debt.

The Obligated Affiliate may create, assume, guarantee, or otherwise become liable in respect of Debt described in any one or more of the following provisions:

(1) *Refunding Debt:* Debt created, assumed, guaranteed, or incurred for the purpose of refunding or defeasing any Outstanding Debt if (i) such refunding Debt will be in a principal amount equal to or less than the then outstanding principal amount of the Debt to be refunded or defeased and (ii) the Combined Group Representative delivers to the Master Trustee an Officer’s Certificate demonstrating that the Obligated Group will be in compliance with the Financial Covenant Compliance Test after giving effect to the incurrence of such Debt;

(2) *Intercompany Debt:* Debt owing from an Obligated Affiliate to any other Obligated Affiliate;

(3) *Insurance Related Debt:* Debt in the form of a guarantee or confirmation of liability of an Obligated Affiliate incurred directly or indirectly with respect to a self-insurance or captive insurance program benefiting any Member of the Combined Group;

(4) *Seller Financing Debt:* any Debt constituting a seller financing note representing payment for a portion of the purchase price in connection with the acquisition by an Obligated Affiliate of a clinic practice or other acquisition permitted by the Master Indenture, which note shall not exceed the EBITDA of the entity being acquired for the immediate trailing 12 month period and shall be unsecured Subordinate Debt under the Master Indenture

(5) *Accounts Receivable Debt:* Debt in the form of an AR Line of Credit in a principal amount not exceeding \$3,000,000 outstanding at any time, and which is solely secured by accounts receivable of the Obligated Affiliate or the Obligated Group, as applicable, in accordance with *Clause (16)* of the definition of “Permitted Encumbrances” in the Master Indenture; and

(6) *Other Permitted Debt.* Debt which has been approved in writing by the Holders of at least a majority in principal amount of the then outstanding Controlling Master Debt.

Limitation on Disposition of Assets

Except as permitted in connection with a permitted consolidation, merger, conveyance, or transfer pursuant to Article Six of the Master Indenture, no Obligated Affiliate shall (nor will any Obligated Affiliate permit any Restricted Affiliate or Designated Affiliate within its control to) convey, transfer, lease, or otherwise dispose of any Property (including, without limitation, cash and other intangible property) of such Combined Group Member, unless:

Intercompany Transfers: such conveyance, transfer, lease, or disposition shall be from one Obligated Affiliate to another Obligated Affiliate; or

Obsolete, Etc. Property: in the judgment of the Combined Group Representative or the Combined Group Member making such sale or other disposition, such Property is (or within the immediately succeeding 24 months is expected to become) inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable, or unnecessary in the conduct of the businesses of such Combined Group Member disposed of in the ordinary course of business or which is replaced with new property serving the same or reasonably equivalent function and having a value of not less than that of the property which has been sold or disposed of; or

Governmental Action: such conveyance, transfer, or disposition is in connection with any proposed or potential condemnation or taking for public or quasi-public use of the Property or any portion thereof; or

Court or Governmental Order: such conveyance, transfer, or disposition is required by or necessary to comply with the terms of any judgment, decree, or order of any court or any order, rule, or regulation of or settlement with any administrative or governmental body; or

Restricted Property: the use of such Property is legally restricted to one or more purposes which are inconsistent with the use of such Property, or the profits therefrom or proceeds thereof, to pay Master Debt; or

Stock Dividends. dividends or distributions on account of any shares of any class of stock by an Obligated Affiliate to its shareholders or members, so long as such distributions and dividends are based on pro-rata ownership; or

Accounts Receivable. such disposition is for past due accounts receivable in the ordinary course of business (including any discount or forgiveness thereof) or in the case of accounts receivable in default, in connection with the collection or compromise thereof; or

De Minimis. in any Fiscal Year, such conveyance, transfer or disposition is for Property with a fair market value of less than \$250,000; or

Leases. such disposition is a result of a termination of a lease in the ordinary course of business.

Each Obligated Affiliate further agrees that it shall not (nor will any Obligated Affiliate permit any Restricted Affiliate or Designated Affiliate within its control to) convey, transfer, lease, or otherwise dispose of any Property of such Combined Group Member, which could reasonably be expected at the time of such conveyance, transfer or disposition to result in the Obligated Group failing to be in compliance with the Financial Covenant Compliance Test. The proceeds received from any conveyance, transfer or disposition shall be used by the Obligated Affiliate to acquire replacement assets of a similar type. In the event proceeds are not used in such manner, the Obligated Agent shall cause such proceeds to be used to make an offer to the holders of the Bonds to purchase the Bonds at the then current redemption price.

Admission and Withdrawal of Obligated Affiliates

Admission of Obligated Affiliates. Any Person may become an Obligated Affiliate if:

A. the Person proposing to become an Obligated Affiliate shall execute and deliver to the Master Trustee an indenture supplemental to the Master Indenture which evidences the agreement of such Person while such Person is an Obligated Affiliate (i) to pay and guarantee all Master Debt then Outstanding and thereafter incurred on the terms provided in the Master Indenture, (ii) to observe and perform each obligation of an Obligated Affiliate set forth in the Master Indenture and be bound by the terms thereof, and (iii) to grant to the Master Trustee a security interest in its Unrestricted Receivables and other Property comprising the Trust Estate, subject to the exceptions and exclusions contained in the *Granting Clauses* of the Master Indenture;

B. the Combined Group Representative shall have delivered to the Master Trustee an Officer's Certificate (i) consenting to the inclusion of such Person as an Obligated Affiliate, (ii) stating that the admission and such supplemental indenture comply with this Section and that all conditions precedent

provided in this Section relating to such admission have been complied with, and (iii) demonstrating that the Obligated Group will be in pro forma compliance with the Financial Covenant Compliance Test immediately after giving effect to such admission; and

C. the Combined Group Representative shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) the admission of such Person as an Obligated Affiliate will not adversely affect the exclusion from gross income of interest under the Code on any Outstanding Master Debt or any Debt secured by Outstanding Master Debt and otherwise entitled to such exemption, (ii) the admission of such Person as an Obligated Affiliate will not adversely affect the enforceability of the Master Indenture against any current Obligated Affiliate, (iii) the supplemental indenture required described in A above and the Master Indenture as so supplemented, each constitute the legal, valid and binding obligation of such Person, enforceable in accordance with their respective terms and subject to customary exceptions, and (iv) all conditions precedent described above relating to such admission have been complied with.

Withdrawal of Obligated Affiliates. Any Obligated Affiliate may, upon Request to the Master Trustee and the Combined Group Representative (unless such Obligated Affiliate is the Combined Group Representative), withdraw as an Obligated Affiliate, and the Master Trustee shall, at such withdrawing Obligated Affiliate's Request and expense, execute and deliver an appropriate instrument releasing such Obligated Affiliate from any liability or obligation under the provisions of the Master Indenture, provided that:

A. the Combined Group Representative shall have delivered to the Master Trustee an Officer's Certificate (i) consenting to the withdrawal of such Person as an Obligated Affiliate, (ii) stating that all conditions precedent described under this subheading relating to such withdrawal have been complied with, and (iii) demonstrating that the Financial Covenant Compliance Test will be met immediately after giving effect to such withdrawal;

B. any Master Debt issued by such Obligated Affiliate is either (i) no longer Outstanding, or (ii) has been reissued in the name of or assumed in writing by another Obligated Affiliate; and

C. the Combined Group Representative shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (i) the withdrawal of such Person as an Obligated Affiliate will not adversely affect (a) the exclusion from gross income of interest under the Code on any Outstanding Master Debt or any Debt secured by Outstanding Master Debt (other than the Debt of a Guaranteed Person) and otherwise entitled to such exemption or (b) the validity of any such Debt, and (ii) all conditions precedent described above relating to such withdrawal have been complied with.

Any Person that has withdrawn as an Obligated Affiliate may again become an Obligated Affiliate in accordance with the provisions described above.

Neither the Obligated Group Agent nor the Company shall withdraw as an Obligated Affiliate without the prior consent of each Holder of the Controlling Master Debt (by Act of such Owners delivered to the Combined Group Representative and the Master Trustee).

Certain Additional Covenants of the Obligated Group

The Master Indenture contains additional provisions, covenants and restrictions related to the creation of liens, consolidation, merger, conveyance, or transfer and other matters. See Article Eight of the Master Indenture included in APPENDIX B – "FORM OF THE MASTER INDENTURE." In addition to the covenants discussed above and set forth in APPENDIX B, the Obligated Group has entered into, and may in the future enter into, additional covenants for the benefit of certain creditors. The enforceability of any such covenants will be at the sole discretion of such creditors.

Ratings

In the Bond Indenture, the Company agrees to maintain a rating from Fitch, Inc. ("Fitch") until the maturity of the Bonds. The Company shall promptly apply for a rating from S&P Global Ratings, a division of Standard & Poor's Financial Services, LLC ("S&P") or Moody's Investors Service, Inc. ("Moody's"); provided that the Company agrees to not publish any such ratings from S&P or Moody's if such rating is lower than 1 notch below the

current equivalent rating then provided by Fitch. To the extent obtained and published in accordance with the foregoing sentence, the Company shall maintain a rating from S&P or Moody's, as applicable. For the avoidance of doubt, nothing the Bond Indenture.6 shall require the Company to maintain any particular rating level.

The Company shall, not later than 120 days after the end of each Fiscal Year, retain a Financial Consultant, which may be the underwriter of the Bonds to assess the likelihood of whether the Company could obtain an Investment Grade Rating from a Rating Agency. Such assessment by the Financial Consultant shall be delivered to the Trustee not later than 150 days after the end of each Fiscal Year is to be delivered to the Trustee. The Company agrees to provide to such Financial Consultant such information as it may reasonably request in order to assist it in making such assessment. If such Financial Consultant determines that such rating is obtainable, the Company agrees that it will, at the Company's sole expense, solicit and make a good faith effort to obtain such rating, and the Company is to notify the Trustee within 60 days if a rating has or has not been obtained.

Default and Remedies

Section 4.01 of the Master Indenture and Section 7.1 of the Bond Indenture, respectively, define Events of Default. Article Four of the Master Indenture and Article VII of the Bond Indenture contain the remedies available to the Master Trustee and the Bond Trustee, respectively. See APPENDIX B – "FORM OF THE MASTER INDENTURE" and APPENDIX C - "FORM OF THE BOND INDENTURE."

BONDHOLDERS' RISKS

The following is a discussion of certain risks that could affect payments to be made by the Obligated Group with respect to the Bonds. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Offering Memorandum and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Offering Memorandum, including the APPENDICES hereto, and additional information in the form of the complete documents summarized herein, forms of which are included as Appendices C and D hereto.

GENERAL RISKS

The ability of the Obligated Group to realize revenues in amounts sufficient to pay the principal of and premium, if any, and interest on the Bonds when due is affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. No representation or assurance is given or can be made that revenues will be realized by the Obligated Group in amounts sufficient to pay the principal of and interest, when due, on the Bonds and the other obligations of the Obligated Group. None of the provisions of the Bond Indenture or the Master Indenture provide any assurance that the obligations of the Obligated Group will be paid as and when due if the Obligated Group becomes unable to pay its debts as they come due or the Obligated Group otherwise becomes insolvent.

Payments on the Bonds

The Obligated Group is subject to a wide variety of federal and state regulatory actions and to legislative and policy changes by those governmental agencies and private entities that administer the Medicare and Medicaid programs in the states in which the Obligated Group operates (the "States") and by private entities that provide commercial insurance and administer other health care payment arrangements. The Obligated Group is subject to actions by, among others, OPA, HHS, the federal Centers for Medicare and Medicaid Services ("CMS"), the National Labor Relations Board, and other federal, state and local governmental agencies, including the attorneys general of the States. The future financial condition of the Obligated Group could be adversely affected by, among other things: changes in the method and amount of payments to the Obligated Group by governmental payers and nongovernmental payers, changes in the structure of how health care is delivered and paid for as a result of the recently enacted national health care reform legislation, the financial viability of health care payers, increased competition from other health care entities, the costs associated with responding to governmental regulations, inquiries and investigations, demand by patients for health and medical care, changes in the methods by which employers purchase health care for employees, the capability of management of the Obligated Group, changes in the structure of how health care is delivered and paid for (e.g. a single payer system), volatility of income of the Obligated Group from investments and contributions, future changes in the economy, demographic changes, availability of physicians, nurses, and other health care personnel, and malpractice claims and other litigation. These

factors and others may adversely affect payments by the Obligated Group under the Loan Agreement and, consequently, payment of the principal of and premium, if any, and interest on the Bonds.

COVID-19

The current novel coronavirus (“COVID-19”) outbreak, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and has spread globally, including to the United States of America and the State of Florida. Various states have declared a public health state of emergency and have issued various executive orders restricting public gatherings, limiting the movements of all persons in the states and personal interactions outside of the home to only those necessary to obtain essential services or to conduct essential activities and ordering all or limited groups of citizens to stay at home and take all measures necessary to limit the risk of exposure to COVID-19. While many of the restrictions have been lifted, the outbreak is a rapidly evolving situation that changes daily and there can be no assurance that such restrictions will not again be imposed. Recent increases in infections and deaths make it likely that more restrictions will be imposed.

Although the potential impact of COVID-19 on the Obligated Group’s operations or its future operating revenues and expenses cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Obligated Group’s operations and its operating revenues and expenses.

Information regarding the COVID-19 pandemic and its effects evolves on a daily basis, rendering predictions difficult to make with any reasonable degree of certainty. Due to the evolving nature of the COVID-19 pandemic and the responses of governments, businesses, and individuals to the COVID-19 pandemic, the Obligated Group cannot predict, among other things: (a) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on: (i) the existing restrictions and warnings or any additional restrictions and warnings which may be imposed by local, state or federal governments, nor the timing of the relaxation or release of such restrictions; and (ii) any additional short- or long-term effects the restrictions and warnings imposed by local, state or federal governments may have on the operations of the Obligated Group and the revenues and expenses of the Obligated Group; (b) the scope, duration or extent of the COVID-19 pandemic or any other outbreak or pandemic on the local, the State, national or global economy or the impact of such disruption on the operations of the Obligated Group and the revenues and expenses of the Obligated Group; or (c) whether any of the foregoing may have a material adverse effect on the operations of the Obligated Group and the revenues and expenses of the Obligated Group.

Impact of Disruptions in the Credit Markets and General Economic Factors.

The current domestic and international financial crisis has had, and is expected to continue to have, negative repercussions upon the national and global economies, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, reduced business activity, increased consumer bankruptcies and increased business failures and bankruptcies. The weakening of the economy has had, and continued weakening could have, a negative impact upon the Obligated Group and could impair the Obligated Group’s ability to pay the principal of and interest on the Bonds. The financial condition of the Obligated Group is also threatened by particular pressures resulting from the current economic crisis, including risks of: increased inflation; increased pressure on the federal government to decrease Medicare funding, on the federal and state governments to decrease Medicaid funding and on employers to reduce health care coverage and increase deductibles; increased unemployment, uncompensated care and bad debt; and decrease in return on investments.

The financial crisis of 2008 has also had a material adverse impact on many commercial insurers. A continuation of the financial crisis could have an adverse effect on the commercial insurers from which the Obligated Group obtains both payments on behalf of patients and obtains insurance and reinsurance and could adversely impact such payments and both the cost and availability of insurance and reinsurance. These and other risks may adversely affect the Obligated Group and jeopardize its ability to generate revenues and to make payments under the Loan Agreement when due. There can be no assurance that the financial condition of the continued turmoil in the financial and bond markets will not negatively impact the marketability of the Bonds in the secondary market.

No Assurance of Secondary Market for the Bonds

Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon their prevailing circumstances. Such prices could be substantially lower than the original purchase price. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature.

RISKS OF HEALTH CARE OPERATIONS

Dependence on the 340B Drug Discount Program

The financial performance of the Obligated Group is highly dependent on the 340B Program described herein under “THE OPERATIONS OF THE OBLIGATED GROUP – Section 340B Program. . The 340B Drug Program requires drug manufacturers to provide discounts to certain safety net health providers. In 2012, the U.S. Department of Health and Human Services Health Resources and Services Administration (“HRSA”), which is vested with oversight authority over the 340B Drug Program, began a significant audit initiative against entities enrolled in the 340B Drug Program, and in some cases determined that a health care organization was ineligible to participate in the 340B Drug Program or ordered a health care organization to remedy improper discounts to the manufacturers, the States Medicaid program, or both through repayments or corrective action plans. HRSA published a set of proposed regulatory guidance requirements published by HRSA on August 28, 2015. The proposed mega-guidance significantly restricts the circumstances under which prescribers may order 340B-discounted drugs, imposes requirements on the health care organizations to exercise meaningful oversight and review of all offsite or contract pharmacies, and modifies the criteria by which a patient is eligible to receive 340B-discounted drugs by creating a six-part eligibility test. HRSA indicates that each patient’s eligibility must be determined on a case by case basis. Most health care entities participating in the 340B Drug Program have relied upon automated solutions to ensure that all prescriptions, dispensing, and inventory replenishment complied with 340B Program standards. Those solutions may or may not be equipped to assure compliance under the new regulatory guidance. A health care organization that participates in the 340B Drug Program will experience costs of updating any automated solutions, revising policies, and ensuring adequate staffing to comply with the program’s requirements. A health care organization may also experience materially adverse costs associated with losing eligibility to receive 340B discounts or being required to repay manufacturers for unsupportable discounts. Regardless of outcome, all audit reports are posted on the HRSA web site and the results could be damaging to the reputation and business of a health care organization.

Congress and federal administrative agencies also have been considering legislation or guidance (as applicable) which would tighten 340B Program eligibility requirements and reduce the scope of the program. There are also currently attempts by drug makers to limit participation in the 340B Program. The ACA directed HHS to establish a dispute resolution process for providers and drug makers in the 340B program, but no such process has been established and there are currently not administrative procedures to deal with such disputes.

The Obligated Group has become increasingly dependent on the financial results of the 340B Drug Program and any change to its ability to operate under the 340B Drug Program, loss of 340B Program eligibility, increases in the cost of supporting the 340B Drug Program, or reduction in revenues generated by the 340B Drug Program may have a material adverse effect on the operation and financial results of the Obligated Group and the ability of the Obligated Group to pay the Bonds.

Significant Risk Areas

Certain of the primary risks associated with the operations of the Obligated Group are briefly highlighted in general terms below and are discussed in greater detail in subsequent sections. The occurrence of one or more of these and other risks could have a material adverse effect on the financial condition and results of operations of the Obligated Group, and in turn, the ability of the Obligated Group to make payments under the Loan Agreement.

Federal Health Care Reform. The federal health care reform legislation enacted in March 2010 contains extensive provisions that will take effect and be implemented over the course of the next decade. This legislation

addresses almost all aspects of health care organization and provider operations, health care delivery and reimbursement. These changes will likely result in changes to health care organization and provider reimbursement methods, utilization changes, increased government enforcement and the necessity for health care organizations and providers to assess, and potentially alter, their business strategy and practices, among other consequences.

General Economic Conditions; Bad Debt and Indigent Care; Investment Losses. Health care providers are influenced by the economic environment in which they operate. To the extent that (1) employers reduce their workforces, (2) employers reduce their budgets for employee health care benefits and coverage or (3) private and public health insurers seek to reduce payments to health care providers or curb utilization of health care services, health care providers may experience decreases in insured patient volume and reductions in payments for services. Continued and future economic downturns and/or lower funding of federal Medicare and state Medicaid and other state health care programs may increase the number of patients treated by health care providers who are uninsured or otherwise unable to pay for some or all of their care. An increase in unemployment or continuation of high unemployment may result in a significant number of patients no longer having health insurance coverage, which may result in decreased payments to health care providers or loss of payment for services provided. These conditions may give rise to increases in health care providers' uncollectable accounts, or "bad debt" and higher levels of uninsured utilization; thereby causing reductions in operating income. In the current economic environment, non-operating revenue from investments may be reduced or eliminated. Investment losses (even if unrealized) may cause financial covenants to be violated and may jeopardize a health care providers' financial condition. Losses in pension and benefit funds may result in increased funding requirements by health care providers. Potential failure of lenders, insurers or vendors may negatively impact a health care provider's financial condition and philanthropic support may decrease. These factors may have a material adverse impact on health care providers and the health care system.

Reliance on Payments from Government. Health care providers and health care systems rely to a high degree on revenues from Medicare and Medicaid. Medicare and Medicaid are the commonly used names for reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Implementation of the Affordable Care Act (the "ACA"), the federal health care reform discussed above, and any future changes in the law and regulations governing these governmental programs, as well as in payment policy and timing, create uncertainty and could have a material adverse impact on health centers' payments from Medicare and Medicaid. Such state and federal programs are a significant source of revenues to many health centers. With health care and health center spending reported to be increasing faster than the rate of general inflation, Congress and/or CMS may take action in the future to decrease or restrain Medicare and Medicaid outlays for health centers. This could have a material adverse impact on the Obligated Group. Because Medicaid is partially funded by the state, any adverse effects on the current fiscal condition of the States may result in lower funding levels and/or payment delays. See "- Patient Service Revenues" herein.

Medicaid Program. The Medicaid program is an important payer source to many health care providers and may become a proportionately larger source of revenue as federal health care reform is implemented, expanding Medicaid coverage to significant numbers of uninsured Americans. As Medicaid is partially funded by the States, financial problems of the States may result in lower funding levels and/or payment delays. These could have a material adverse impact on health care providers such as the Obligated Group.

Rate Pressure from Insurers and Major Purchasers. Certain health care markets, including many communities in the States, are strongly impacted by large health insurers and, in some cases, by major purchasers of health services. In those areas, health insurers may have significant influence over the rates, utilization and competition of health centers and health care providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payers, may have a material adverse impact on health care providers, particularly if major purchasers put increasing pressure on payers to restrict rate increases. Business failures by health insurers also could have a material adverse impact on contracted health centers and other health care providers in the form of payment shortfalls or delays, and/or continuing obligations to care for managed care patients without receiving payment. In addition, disputes with non-contracted payers may result in an inability to collect billed charges from these payers.

Nonprofit Health Care Environment. The significant tax benefits received by nonprofit, tax-exempt health care providers may cause the business of such organizations to be subject to scrutiny of public officials and the press, and to legal challenges of the ongoing qualification of such organization for tax-exempt status. Recently, an increasing number of the operations or practices of health care providers have been examined, criticized, and

challenged to determine if they are consistent with the regulatory requirements that apply to nonprofit tax-exempt organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, executive compensation, “excess benefit transactions” with insiders. Challenges to entitlement to exemption of property from real property taxation are happening more frequently. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service (the “IRS”), Congress, state legislatures and patients, and in a variety of forums, including hearings, audits and litigation. These efforts will likely continue in the future. Citizen organizations, such as labor unions and patient advocates, have also focused public attention on the activities of tax-exempt health care providers and raised questions about their practices. Proposals to increase the regulatory requirements for nonprofit health care providers’ retention of tax-exempt status, such as establishing a minimum level of charity care, have also been introduced repeatedly in Congress. The challenges and examinations and any resulting legislation, regulations, judgments or penalties could have a material adverse effect on nonprofit health care providers.

Capital Needs vs. Capital Capacity. Health care operations are capital intensive. Regulation, technology and physician/patient expectations require constant and often significant capital investment. Total capital needs of the Obligated Group may exceed capital capacity. Furthermore, availability of capital for health care facilities and health systems may be reduced as a result of recent credit market dislocations and recent budget reductions. It is uncertain how long those conditions may persist, and it is possible that capital availability may be negatively affected over the long term for reasons related to the credit markets.

Government “Fraud” Enforcement. To ensure the integrity of the Federal health care programs, CMS, HHS, the Office of Inspector General (“OIG”), and the Department of Justice (“DOJ”) have paid close attention to the business practices and conduct of health care providers. “Fraud” in government funded health care programs is a significant concern and is one of the federal government’s prime law enforcement priorities. The federal and state governments, including the state, impose a wide variety of extraordinarily complex and technical requirements intended to prevent over-utilization based on economic inducements, misallocation of expenses, overcharging and other forms of fraud in the Medicare and Medicaid programs, as well as other state and federally-funded health care programs. This body of laws and regulations impact a broad spectrum of health care provider commercial activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, and discounts, among other functions and transactions. Enforcement actions may pertain to not only deliberate violations, but also frequently occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not present the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. The government periodically conducts widespread investigations covering categories of services, or certain accounting or billing practices. Violations and alleged violations carry significant sanctions, which may be aggressively pursued by the government. The government may seek a wide array of civil, administrative, criminal, and monetary penalties, including withholding essential health center payments under the Medicare or Medicaid programs, or exclusion from those programs. Negative publicity and large settlements and/or adverse results of litigation could result in payment of substantial fines and prospective restrictions that may have a materially adverse impact on health center operations, financial condition, results of operations and reputation, and generally are not covered by insurance.

Violations and Sanctions. The government and/or private “whistleblowers” often pursue aggressive investigative and enforcement actions. The government has a wide array of civil, criminal and monetary penalties, including withholding essential health care organization and other health care provider payments from the Medicare or Medicaid programs, or exclusion from those programs. Aggressive investigation tactics, negative publicity and threatened penalties can be, and often are, used to force settlements, payment of fines and prospective restrictions that may have a materially adverse impact on health care organization and other health care provider operations, financial condition, results of operations and reputation. Multimillion-dollar fines and settlements are common. These risks are generally uninsured. Government enforcement and private whistleblower suits may increase in the health care organization and health care sector. Certain large health care organizations and other health care provider systems are likely to be adversely impacted.

Personnel Shortages. From time to time, shortages of physicians and nursing and other technical personnel may occur, which may impact health centers. Various studies have predicted that this shortage will become more acute over time, as practitioners retire and patient volume exceeds the growth in new professionals. As reimbursement amounts are reduced to health care facilities and organizations that employ or contract with physicians, nurses and other health care professionals, pressure to control and possibly reduce wage and benefit

costs may further strain the supply of those professionals. In addition, shortages of other professional and technical staff such as pharmacists, therapists, laboratory technicians and others may occur or worsen. A new influx of patients with insurance coverage, as a result of health care reform initiatives, may exacerbate personnel shortage issues. Health center operations, patient and physician satisfaction, financial condition and future growth could be negatively affected by physician and nursing and other technical personnel shortages, resulting in material adverse impact to the Obligated Group.

Technical and Clinical Developments. New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and health center care. These could result in higher health center costs, reductions in patient populations, lower utilization of services, and/or new sources of competition for health centers.

Costs and Restrictions from. Governmental Regulation. Nearly every aspect of health care provider operation and care delivery is regulated, in some cases by multiple agencies of government. The level and complexity of regulation and compliance audits appear to be increasing, bringing with its operational limitations, enforcement and liability risks, and significant and sometimes unanticipated cost impacts.

Proliferation of Competition. 340B Program providers can face competition from other clinics, pharmacies, and hospital providers. This may cause 340B Providers to lose essential outpatient market share. Competition may be focused on services or payer classifications where primary care clinics realize their highest margins, thus negatively affecting programs that are economically important to such providers. These new sources of competition may have a material adverse impact on the number of patient encounters enjoyed by existing clinics, like the Obligated Group.

Labor Costs and Disruption. The delivery of health care services is labor intensive. Labor costs, including salary, benefits and other liabilities associated with the workforce, have significant impact on health care provider operations and financial condition. Health care provider employees are increasingly organized in collective bargaining units and may be involved in work actions of various kinds, including work stoppages and strikes. Overall costs of a health care provider workforce are high, and turnover is high. Pressure to recruit, train and retain qualified employees is expected to accelerate. These factors may materially increase health care provider costs of operation. Workforce disruption may negatively impact health care provider revenues and reputation

Pension and Benefit Funds. As large employers, health centers may incur significant expenses to fund pension and benefit plans for employees and former employees, and to fund required workers' compensation benefits. Funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes. The Obligated Group does not currently maintain a pension or benefit plan.

Medical liability Litigation and Insurance. Federally Medical liability litigation is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resulting liabilities, may increase in the future. Health care providers may also be affected by negative financial and liability impacts on physicians. Costs of insurance, including self-insurance, may also increase dramatically.

Facility Damage. Health centers are highly dependent on the condition and functionality of their physical facilities. Damage from hurricanes, tornadoes, earthquakes, other natural causes, fire, deliberate acts of destruction, or various facilities system failures may have material adverse impact on the Obligated Group's operations, financial conditions and results of operations.

State Budgets

The States have faced severe financial challenges in the past, including erosion of general fund tax revenues, falling real estate values, slow economic growth and high unemployment. Shortfalls between revenues and spending have in the past and may in the future result in cutbacks to state and local government health care programs. It is impossible to predict what actions will be taken in future years by the States' legislatures or governors to address economic situations. Many of the States have undertaken aggressive health care cost-

containment efforts to help eliminate budget deficits, including substantial cuts to health care provider reimbursement, including Medicaid payments.

While federal funding is available to facilitate Medicaid program expansion, this funding is expected to be temporary. The Medicaid program expansion and the expected longer-term loss of federal financial support to offset longer-term expansion-related costs may require the States to reduce provider reimbursement rates further. The States may enact legislation to reduce Medicaid payments, attempt to impose copayments on Medicaid recipients which could result in a reduction in provider reimbursement, or reduce covered benefits or restrict eligibility. The ACA (Affordable Care Act) allows for significant expansions to the Medicaid program and additional federal funding. Such funding is conditioned, however, on the state's maintaining specified beneficiary eligibility criteria, which may require additional state funding or prompt the States to reduce provider reimbursement. The ACA may also shift further funding responsibility from the federal government to state governments, creating new financial challenges.

Health Care Regulation and Reform

Health Care Regulation. The health care industry in general is subject to regulation by a number of governmental and private agencies, including those which administer the Medicare and Medicaid programs discussed under the headings "BONDHOLDERS' RISKS- Risks of Health Care Operations-Patient Service Revenues- The Medicare Program" and "- The Medicaid Program" herein. The health care industry is also affected by federal, state and local policies developed to regulate the manner in which health care is provided, administered and paid for nationally and locally. As a result, the health care industry is sensitive to frequent and substantial legislative and regulatory changes. Congress and the states have consistently attempted to curb the growth of federal spending on health care programs. In addition, Congress and other governmental agencies have focused on the provision of care to indigent and uninsured patients, prevention of "dumping" such patients on hospitals and other health care providers in order to avoid the provision of non-reimbursed care, the unlawful payment of remuneration in exchange for referral of patients, the unauthorized use or disclosure of patients' protected health information, billing for services not in accordance with governmental requirements and other issues. It is unlikely that the Obligated Group could attract sufficient numbers of private pay patients to become self-sufficient without reimbursement from governmental programs. Cost shifting to private sources of payment is not an option to offset declining federal and state reimbursement because private insurance companies have adopted cost containment measures similar to those used by government agencies. These cost containment mechanisms include "managed care" and capitated payment.

Despite these efforts, due to, among other things, the growing percentage of older persons in the population, improved technology and administrative costs in a highly regulated industry, health care expenditures as a percentage of the gross national product continue to rise. Consequently, it can be expected that aggressive cost containment measures and anti-fraud and abuse investigation and enforcement could have a material adverse effect on the Obligated Group. Continued efforts in the form of statutory and regulatory activity to reduce the rate of increase in reimbursement for health care costs, particularly costs paid under the Medicare and Medicaid programs, can be expected.

The Obligated Group is subject to governmental regulation under the federal Medicare program and the joint federal and state Medicaid program. Health care providers, including the Obligated Group, have been and will continue to be affected by changes that have occurred during the last several years in the administration of the Medicare and Medicaid programs.

Federal Health Care Reform. As a result of the ACA, substantial changes have occurred and are anticipated to continue to occur in the United States health care system. The ACA has and will affect the delivery of health care services, the financing of health care costs, reimbursement of health care providers, and the legal obligations of health insurers, providers, employers and consumers. Some of the ACA 's provisions have been implemented and other provisions are slated to take effect at specified time s over approximately the next decade, and, therefore, the full consequences of the ACA on the health care industry will not be immediately realized.

Efforts to repeal provision s of the ACA are pending in Congress. In June 2012, the United States Supreme Court in its decision *National Federation of Independent Business v. Sebelius* upheld most provisions of the Health Care Reform Law, including the requirement that individuals maintain health insurance. Notable, however, the Supreme Court also ruled that the federal government could not compel states to comply with the Health Care

Reform Law's requirement to expand Medicaid by cutting off all the federal funds they receive for existing Medicaid programs. Of the states in which the Obligated Group operates, only Arizona, New Jersey, and Virginia have implemented the Medicaid expansion as a result of the Supreme Court's decision. Florida, where the Obligated Group conducts most of its business has not implemented Medicaid expansion.

On November 10, 2020, the United States Supreme Court heard arguments in *California, et al. vs. Texas et al.*, another case seeking to hold the ACA unconstitutional. A decision in that case is expected by June 2021.

At this time, it is not possible to predict the outcomes of the legislative attempts to repeal or amend the Health Care Reform Act or future lawsuits to hold the ACA unconstitutional. The uncertainties regarding the implementation of the ACA also create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

The changes in the health care industry brought about by the ACA have had both positive and negative effects, directly and indirectly, on the nation's health care organizations and other health care providers, including the Obligated Group. For example, the projected increase in the numbers of individuals with health care insurance occurring as a consequence of voluntary Medicaid expansion, creation of health insurance exchanges, subsidies for insurance purchase and the mandate for individuals to purchase insurance, could result in lower levels of bad debt and charity care and increased utilization or profitable shifts in utilization patterns for health care organizations. The ACA also provides for substantial reductions in payments to Medicare providers, both through reduction in the annual market basket updates and reduction or elimination of reimbursement for preventable patient readmissions and hospital-acquired conditions. The ACA similarly mandates that states no longer reimburse providers for specified provider-preventable conditions. A significant negative impact to the overall health care industry will likely result from Medicare payments that have substantial, scheduled and cumulative reductions. Industry experts also expect that any government cost reduction actions may be followed by similar actions by private insurers and other payers. Health care providers will likely be further subject to decreased reimbursement as a result of implementation of recommendations of the Medicare independent payment advisory board, whose directive is to reduce Medicare cost growth. To the extent Medicare growth exceeds the targeted growth rate, the advisory board's recommended reductions, beginning in 2017, will be automatically implemented unless Congress adopts alternative legislation that meets equivalent savings targets. Industry experts also expect that government cost reduction actions may be followed by similar reductions by private insurers and other payers.

The ACA will likely affect some health care organizations differently from others, depending, in part, on how each organization adapts to the legislation's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA proposes a value-based purchasing system for health care organizations under which a percentage of payments will be contingent on satisfaction of specified performance measures related to common and high-cost medical conditions, such as cardiac, surgical and pneumonia care. The legislation also funds various demonstration programs and pilot projects and other voluntary programs to evaluate and encourage new provider delivery models and payment structures, including "accountable care organizations" and bundled provider payments. It is impossible to predict what effect on health care organizations' revenues or financial performance, if any, may result from these projects and programs, including the likelihood of their being made permanent or the possibility of their expansion to other organizations or areas of the health care industry.

The ACA contains amendments to criminal, civil and administrative anti-fraud statutes and increases in funding for enforcement and efforts to recoup prior federal health care payments to providers. Under the ACA, a broad range of providers, suppliers and physicians are required to adopt a compliance and ethics program. While the government has already increased its enforcement efforts, failure to implement certain core compliance program features provides new opportunities for regulatory and enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments. See also "-Regulatory Environment" herein.

Nonprofit Health Care Environment

As a nonprofit tax-exempt organization, the Company is subject to federal, state and local laws, regulations, rulings and court decisions relating to its organization and operation, including its operation for charitable purposes. At the same time, the Company conducts business transactions and is a large employer in its geographic area. There

can often be a tension between the rules designed to regulate a wide range of charitable organizations and the day-to-day operations of a complex health care organization.

Recently, an increasing number of the operations or practices of health care providers have been questioned, criticized, or challenged for inconsistent or inadequate compliance with the regulatory requirements for, and social expectations of, nonprofit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in many cases are examinations of core business practices of the health care organizations. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities with tax-exempt securities, and others. These challenges and questions have come from a variety of sources, including state attorneys general, the IRS, labor unions, Congress, state legislatures, and patients, and in a variety of forums, including hearings, audits and litigation. These challenges or examinations include the following, among others:

Future Federal Legislation. In addition to the ACA, future legislation, regulation or other actions by the federal government are expected to continue the trend toward greater limitations on reimbursement for health care services. Future changes to the Medicare or Medicaid programs could result in substantial reductions in the amounts of governmental payments to health care providers, which in turn could have a material adverse effect on the revenues of the Obligated Group.

Congressional Hearings/Legislation. In recent years, three Congressional Committees have conducted hearings and other proceedings inquiring into various practices of nonprofit health centers and health care providers. Among legislation proposed or discussed as a result of these hearings and proceedings are: (1) establishment of minimum required levels of charity care to be provided by nonprofit health care providers; (2) periodic review of health centers' tax-exempt status by the IRS; and (3) greater and more uniform reporting of charitable and community benefit activities.

IRS Examination of Compensation Practices. In 2004, the IRS began a new compliance program to measure compliance to tax-exempt organizations with requirements that they not pay excessive compensation and benefits to the officers and other insiders. The IRS issued its Hospital Compliance Project Final Report (the "IRS Final Report") in February 2009 that examined tax-exempt organizations practices and procedures with regard to compensation and benefits paid to their officers and other defined "insiders." The IRS Final Report indicates that the IRS (1) will continue to heavily scrutinize executive compensation arrangements, practices and procedures of tax-exempt hospitals and other tax-exempt health care organizations, and (2) in certain circumstances, may conduct further investigations or impose fines on such organizations.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed in both federal and state courts alleging, among other things, that certain health care facilities have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. Some of these cases have been dismissed by the courts, and some health centers have entered into substantial settlements. A number of cases are still pending in various courts around the country. It is unclear what impact, if any, of any ruling(s) against any health care facility may have on the Obligated Group's operations.

Indigent Care. Tax-exempt health care providers often treat large numbers of indigent patients who are unable to pay in full for their medical care. Typically, health care providers may treat significant numbers of indigent people. These health care providers may be susceptible to economic and political changes that could increase the number of indigent people or their responsibility for caring for this population. General economic conditions that affect the number of employed individuals who have health coverage affects the ability of patients to pay for their care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, state and federal health care programs (including Medicare and Medicaid) may increase the frequency and severity of indigent treatment by such health centers and other providers. It also is possible that future legislation could require that tax-exempt health centers and other providers maintain minimum levels of indigent care as a condition to federal income tax-exemption or exemption from certain state or local taxes.

Class Actions. Nonprofit health care providers and health systems have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a

potentially significant source of litigation liability for nonprofit health care organizations and providers. These class action suits have most recently focused on billings and collections practices and breaches of privacy, and they may be used for a variety of currently unanticipated causes of action.

Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on nonprofit health care providers and health systems in the future.

The foregoing are some examples of the challenges and examinations facing nonprofit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations and may indicate an increasingly difficult operating environment for health care organizations, including the Obligated Group. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse impact on health care providers, including the Obligated Group and, in turn, its ability to make payments under the Loan Agreement.

Regulatory and Enforcement Matters

“Fraud” and “False Claims.” Complex health care laws have been enacted at the federal and state levels to broadly regulate the provision of services to government program beneficiaries and the methods and requirements for submitting claims and receiving reimbursement for such services. Implementation of the ACA will require the federal and state governments to adopt new regulations. A substantial portion of these laws target fraud and abuse, and address a broad range of unlawful conduct, including, but not limited to, submitting claims for services that are not in fact provided, billing in a manner that does not comply with government requirements or including inaccurate billing information, billing for services deemed not medically necessary, or billings accompanied by an illegal inducement to utilize, recommend utilization of, or refraining from utilizing a service or product. Laws governing fraud and abuse have broad application to health centers and their financial relationships.

Violation of federal and state fraud and abuse laws may result in a broad range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud, including the exclusion of a health center from participation in the Medicare/Medicaid programs, civil monetary penalties, and suspension of Medicare/Medicaid payments, among others. Fraud and abuse cases may be prosecuted by one or more government entities (in many cases as a result of private “whistleblower” actions), and more than one of the available sanctions may be, and often are, imposed for each violation.

Fraud and abuse laws are numerous, highly technical in nature, and frequently changing and may apply to health care providers and to nearly all individuals and entities with which a health care provider does business. Health care providers devote substantial resources to ensure effective compliance with these laws and regulations. Fraud investigations, prosecutions, adjudications, settlements and related publicity resulting from these legal proceedings could have a material adverse effect on the future operations or financial condition of the Obligated Group. See “-Enforcement Activity” herein.

The ACA authorizes the Secretary of HHS to exclude a provider’s participation in Medicare and Medicaid, as well as suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider.

Major elements of these complex laws and regulations are generally summarized immediately below.

Federal and state Fraud and Abuse Laws. Federal and state health care fraud and abuse laws generally regulate services furnished to beneficiaries of federal and state (including Medicare and Medicaid) and private health insurance plans, and they impose penalties for improper billing and other abuses. Under these laws, health care providers may be punished for billing for services that were not provided, not medically necessary, provided by an improper person, accompanied by an illegal inducement to use or not use another service or product, or billed in a manner that does not comply with applicable government requirements. Violations of these laws are punishable by a range of criminal, civil and administrative sanctions. If the Obligated Group violates one of the fraud and abuse laws, among other possible sanctions, federal or state authorities could recover amounts paid, exclude the Obligated Group from participation in the Medicare/Medicaid programs, impose civil monetary penalties, and suspend Medicare/Medicaid payments. The federal government (and individuals acting on its behalf) have brought many investigations, prosecutions and civil enforcement actions under the fraud and abuse laws in recent years. In some

cases, the scope of the fraud and abuse laws are so broad that they may result in liability for business transactions that are traditional or commonplace in the health care industry.

False Claims Act. The criminal False Claims Act, or Criminal FCA, prohibits anyone from knowingly submitting a false, fictitious or fraudulent claim to the federal government. There are numerous specific rules that a health care provider must follow with respect to the submission of claims. Violation of the Criminal FCA can result in imprisonment and/or potentially substantial fines for an individual or an organization.

The civil False Claims Act, or Civil FCA, makes it illegal to submit or present a false, fictitious or fraudulent claim for payment or approval for payment for which the federal government provide, or reimburses at least some portion of the requested money or property. The Civil FCA may also include claims that are simply erroneous. Civil FCA investigations and cases have become common in the health care field and may cover a range of activity from intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. The ACA amends the FCA by expanding the number of activities that trigger Civil FCA liability to include, among other things, failure to report and return identified overpayments within statutory limits. Violation or alleged violation of the Civil FCA can result in settlements that require multimillion-dollar payments and compliance agreements. The Civil FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called “qui tam” actions. Qui tam plaintiffs, or “whistleblowers,” can share in the damages recovered by the government or recover independently if the government does not participate. The Civil FCA has become one of the government’s primary weapons against health care fraud. Civil FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse impact on a health center or other health care provider.

Anti-Kickback Statute. The federal “Anti-Kickback Statute” is a criminal statute that, in part, prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral (or to induce a referral) for any item or service that is paid by any federal or state health care program. Because terms such as “any remuneration,” “directly or indirectly,” and “in cash or in kind” are extremely broad, the Anti-Kickback Statute is susceptible to expansive interpretation. At a minimum, the Anti-Kickback Statute is implicated by many common health care transactions in which a health center may engage, including joint ventures, medical director agreements, physician recruitment agreements, physician office leases and other transactions. The ACA amended the Anti-Kickback Law to provide that a claim that includes items or services resulting from a violation of the Anti-Kickback Law now constitutes a false or fraudulent claim for purposes of the FCA.

Violation or alleged violation of the Anti-Kickback Statute can result in settlements that require multimillion-dollar payments and compliance agreements. The Anti-Kickback Statute can be prosecuted either criminally or civilly. Each violation is a felony, subject to potentially substantial criminal fines (up to \$250,000 for each act), civil penalties (up to \$10,000 per item or service in noncompliance) and/or assessments of three times the amount claim, imprisonment, and/or exclusion from the Medicare and Medicaid (Medicaid) programs, any of which could have a material adverse impact on the financial condition of a health care provider or health care system.

“Stark” Self-Referral Prohibitions. To prevent perceived abuses of over-utilization, the Stark Law prohibits certain physician self-referral arrangements. Under the Stark Law, if a physician has a financial relationship with an entity, the physician may not refer patients to that entity for the furnishing of “designated health services” (“DHS”) for which payment may be made under the Medicare program, and the entity may not submit claims to Medicare for DHS provided pursuant to a prohibited referral, unless a Stark Law exception applies. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark Law violation. Many ordinary business practices and economically desirable arrangements between physicians and health centers or other health care providers arguably constitute “financial relationships” within the meaning of the Stark Law. The prohibition on referrals and billing would be triggered by the financial relationship unless the relationship fully complied with one of several exceptions. Most providers of DHS with physician relationships have some exposure to liability under the Stark statute. Changes to the regulations issued under the Stark Law have rendered illegal a number of common arrangements under which physician-owned entities provide services and/or equipment to health care organizations and may increase the risk of violation due to lack of clarity of the technical requirements.

The Stark Law is a “strict liability” statute, and, because of its complexity, is relatively easy to violate, even if such violation is inadvertent and unintentional. For example, an arrangement may be deemed to violate the Stark

Law by virtue of relatively minor technical issues, such as a lack of appropriate signatures on the contract. Matters of technical noncompliance may require a health care organization to self-disclose such noncompliance to CMS and may subject a health care organization to fines and penalties. Any fines and penalties resulting from a violation of the Stark Law may have a material adverse effect on the Obligated Group.

Medicare may deny payment for all services related to a prohibited referral and a health center or other health care provider that has billed for prohibited services may be obligated to refund the amounts collected from the Medicare program. For example, if an office lease between a health center and a large group of heart surgeons is found to violate the Stark Law, a health center could be obligated to repay CMS for the payments received from Medicare for all of the heart surgeries performed by all of the physicians in the group for the duration of the lease; a potentially significant amount. The government may also seek substantial civil monetary penalties, and in some cases, a health center or other health care provider may be liable for fines up to three times the amount of any monetary penalty, and/or be excluded from the Medicare and Medicaid programs. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could have a material adverse impact on a health center or other health care provider.

Because the Stark Law is subject to interpretation, there can be no assurance that in the future regulatory authorities will not determine that one or more aspects of the operations of the Obligated Group violate the Stark Law.

Medicare and Medicaid Audits. Health care organizations and providers that participate in the Medicare and Medicaid programs are subject from time to time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under these programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs.

Recovery Audit Contractor Program. CMS has implemented a Recovery Audit Contractor (“RAC”) program on a nationwide basis where CMS contracts with private contractors to conduct post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program and to implement actions that will prevent future improper payments. The ACA expands the RAC program’s scope to include managed Medicare plans and Medicaid claims. CMS also employs Medicaid Integrity Contractors to perform post-payment audits of Medicaid claims and identify overpayments. These programs tend to result in retroactively reduced payment and higher administration costs to health organizations. The RAC operates to identify overpayments and underpayments made to providers. RACs may review provider claims for the following types of services: inpatient and outpatient, skilled nursing facility, physician, ambulance, laboratory and durable medical equipment. The Taxpayer Act increased the number of years that a RAC may review from three years to five years.

The ACA mandated the expansion of the RAC program into Medicaid requiring states to contract with one or more RACs to identify underpayments and overpayments and recoup overpayments for Medicaid services. Claims are reviewed using state Medicaid rules and may be disallowed or reduced using the state’s appeal process.

Medicare and Medicaid Integrity Programs. Authorized by the HIPAA (as defined below), the Medicare Integrity Program (“MIP”) was established to deter fraud and abuse in the Medicare program. Funded separately from the general administrative contractor program, the MIP allows CMS to enter into contracts with outside entities and insure the “integrity” of the Medicare program. These entities, Medicare zone program integrity contractors (“ZPICs”), formerly known as program safeguard contractors, are contracted by CMS to review claims and medical charts, both on a prepayment and post-payment basis, conduct cost report audits and identify cases of suspected fraud. ZPICs have the authority to deny and recover payments as well as to refer cases to the Office of Inspector General. CMS is also planning to enable ZPTCs to compile claims data from multiple sources in order to analyze the complete claims histories of beneficiaries for inconsistencies.

In addition, CMS has instituted a Medicaid Integrity Program, modeled on the MIP. Medicaid Integrity Program contractors assist state Medicaid agencies by analyzing Medicaid claims data to identify high-risk areas and

potential vulnerabilities and conducting post-payment field audits and desk reviews audits of Medicaid provider payments.

Antitrust. Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payer contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, and anticompetitive business conduct or practices. The application of the federal and state antitrust laws to health care is evolving, and therefore not always clear. Currently, the most common areas of potential liability for health centers and other health care providers are joint action among providers with respect to payer contracting, medical staff credentialing disputes and anticompetitive business conduct or practices by health centers and other health care providers with sufficiently large market share.

Violation of the antitrust laws could result in criminal and/or civil enforcement proceedings by federal and state agencies, as well as actions by private litigants. In certain actions, private litigants may be entitled to treble damages, and in others, governmental entities may be able to assess substantial monetary fines. Moreover, successful private or governmental litigants may obtain injunctive relief that can affect the defendant's ability to conduct or continue certain business practices or activities.

Joint Ventures. The OIG has expressed its concern in various advisory bulletins and other guidance that many types of joint venture arrangements involving health centers may implicate the Anti-Kickback Statute, since the parties to joint ventures are typically in a position to refer patients of federal health care programs. In its 1989 Special Fraud Alert, the OTG raised concerns about certain physician joint ventures where the intent is not to raise investment capital to start a business but rather to "lock up a stream of referrals from the physician investors and compensate these investors indirectly for these referrals." The OIG listed various features of suspect joint ventures but noted that its list was not exhaustive. These features include: (i) whether investors are chosen because they are in a position to make referrals; (ii) whether physicians with more potential referrals are given larger investment interests; (iii) whether referrals are tracked and referral sources shared with investing physicians; (iv) whether the overall structure is a "shell" (i.e., one of the parties is an ongoing entity already engaged in a particular line of business); and (v) whether investors are required to invest a disproportionately small amount or are paid extraordinary returns in comparison with their risk.

In addition, under the federal tax laws governing Section 501(c)(3) organizations, a tax-exempt health center's participation in a joint venture with for-profit entities must further the health center's exempt purposes and the joint venture arrangement must permit the health center to act exclusively in the furtherance of its exempt purposes, with only incidental benefit to any for-profit partners. If the joint venture does not satisfy these criteria, the health center's tax-exemption may be revoked, the health center's income from the joint venture may be subject to tax, or the parties may be subject to some other sanction. See "Tax-Exempt Status of the Obligated Group and Other Matters" herein for further discussion of risks related to the tax-exempt status of the Obligated Group.

Finally, many health center joint ventures with physicians may also implicate the federal Stark Law.

Any evaluation of compliance with the Anti-Kickback Statute, the Stark Law or tax laws governing Section 501(c)(3) organizations depends on the totality of the facts and circumstances. While the Obligated Group believes that it is not a party to any such joint venture arrangements, any determination that the Obligated Group is a party to such arrangements and that it is not in compliance with the Anti-Kickback Statute and OIG pronouncements, the Stark Law and the tax laws governing Section 501(c)(3) organizations could have a material adverse effect on the future financial condition of the Obligated Group.

Civil Monetary Penalties law. The federal Civil Monetary Penalty Statute in part authorizes the government to impose money penalties against individuals and entities committing a variety of acts. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Moreover, a health care organization may not knowingly make a payment, directly or indirectly, to a physician as an inducement to reduce or limit services to Medicare or Medicaid patients under the physician's direct care. In the ACA, Congress amended the Civil Monetary Penalties Statute to authorize civil monetary penalties for a number of additional activities, including: (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment; (ii) failing to grant the Office of Inspector General timely access for audits, investigations, or evaluations; or (iii) failing to report and

return a known overpayment within statutory time limit s. Violations of the Civil Monetary Penalty Statute can result in substantial civil money penalties plus three times the amount claimed.

Possible Consequences. Any violations of the foregoing laws by the Obligated Group could result in substantial monetary fines and damages as well as its possible disqualification from participation in the Medicare and Medicaid programs. Regardless of the merits of a particular case or cases, the Obligated Group could incur significant legal and settlement costs. Prolonged and publicized investigations could be damaging to reputation, business and credit, regardless of the outcome, and could have material adverse consequences on the financial condition of the Obligated Group.

HIPAA, HITECH, and Other Privacy and Security Requirements. The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), along with other federal and various state statutes, addresses the confidentiality of individuals’ health information. HIPAA’s detailed privacy standards extend not only to patient medical records, but also to a variety of demographic, clinical and financial information held by “covered entities,” i.e. hospitals and other entities governed by HIPAA. HIPAA’s privacy standards prohibit the use and disclosure of, and access to, “Protected Health Information” (“PHI”), a broadly defined term, unless expressly permitted under the provisions of the HIPAA statute and regulations or authorized by the patient. The HIPAA privacy standards also give individuals the rights to know how their PHI is being used or disclosed, to access and amend their PHI, and obtain information about certain disclosures of their PHI. They also obligate covered entities to provide Notices of Privacy Practices to individuals, which detail how the entities use and disclose PHI and how individuals can exercise their rights in respect of their PHI. These requirements often impose communication, operational, and accounting obligations that add costs and create potentially unanticipated sources of liability. states may adopt privacy laws that are more restrictive than HIPAA but not less restrictive. California has broadened its data security breach notification law to cover compromised medical and health insurance information. Together, all of these laws and regulations add compliance costs and create potentially unanticipated sources of legal liability for the Obligated Group.

HIPAA also contains security standards that require covered entities to implement certain administrative, physical, and technical security standards to protect the integrity, confidentiality and availability of electronic PHI. HIPAA also implemented transaction standards that dictate the use of standard transaction formats, code sets and standard identifiers in connection with certain electronic health care transactions between health plans and health care providers, including activities associated with the billing and collection of health care claims.

HIPAA imposes civil monetary penalties for violations and criminal penalties for violations of its privacy and security standards, and these civil penalties have now been increased through provisions in the Health Information Technology for Economic and Clinical Health Act (the “HITECH Act”), which was enacted as part of the economic stimulus legislation. The revised civil monetary penalty provisions of HITECH establish a tiered system of minimum penalties, ranging from a minimum of \$100 per violation for an unknowing violation to a minimum of \$50,000 for an uncorrected violation due to willful neglect. Maximum penalties may reach \$1,500,000 for identical violations.

The HITECH Act also (i) granted enforcement authority of HIPAA to state attorneys general, (ii) extended the reach of HIPAA beyond “covered entities,” (iii) imposed a breach notification requirement on HIPAA covered entities, (iv) limited certain uses and disclosures of Protected Health Information, and (v) restricted covered entities’ permissible marketing communications.

The breach notification obligation, in particular, may expose covered entities such as clinics to heightened liability. Under HITECH, in the event of a privacy breach, covered entities are required to notify affected individuals and the federal government. If more than 500 individuals are affected by the breach, (1) the covered entity must also notify the media and (2) the federal government posts a description of the breach on its website and investigates the incident through HHS Office for Civil Rights, the administrative office that is tasked with enforcing HIPAA. The Office for Civil Rights may also investigate breaches involving fewer than 500 affected individuals.

Recent settlements of HIPAA breaches have reached the millions of dollars. Any breach of HIPAA, regardless of intent or scope, may result in penalties or settlement amounts that are material to a covered health care provider or health plan. In addition to the costs associated with any such penalties and settlements, covered entities may incur significant costs associated with investigating and handling potential privacy and security breaches.

Enforcement activity is expected to increase in future years in other respects as well. Criminal penalties may be enforced against persons who obtain or disclose personal health information without authorization. HHS is also beginning to perform periodic audits of health care providers and group health plans to ensure that required policies under the HITECH Act are in place.

On January 25, 2013, HHS issued comprehensive modifications to the existing HIPAA regulations to implement the requirements of the HITECH Act, commonly known as the “HIPAA Omnibus Rule.” The HIPAA Omnibus Rule became effective on March 26, 2013, and covered entities were required to be in compliance by September 23, 2013, although certain requirements have a longer timeframe. Key aspects of the HIPAA Omnibus Rule, some of which are discussed above in the paragraphs discussing the HITECH Act, include, but are not limited to: (i) a new standard for what constitutes a breach of PHI, (ii) four levels of culpability with respect to civil monetary penalties assessed for HIPAA violations, (iii) direct liability of business associates for certain violations of HIPAA, (iv) modifications to the rules governing research, (v) stricter requirements regarding non-exempt marketing practices, (vi) modification and re-distribution of notices of privacy practices, (vii) expanded rights of individuals to receive electronic copies of their PHI, and (viii) stricter requirements regarding the protection of genetic information. While the effects of the HIPAA Omnibus Rule cannot be predicted at this time, the obligations imposed thereunder could have a material adverse effect on the financial condition of the Obligated Group.

Under HIPAA, covered entities must include certain required provisions in their contractual relationships with their business associates. Business associates are organizations that perform functions on behalf of covered entities and receive PHI from the covered entities in order to carry out those functions. Business associates are indirectly regulated by HIPAA through those contractual obligations.

The HITECH Act and the final rules promulgated thereunder provide that all of the HIPAA security administrative, physical, and technical safeguards, as well as security policy, procedure and documentation requirements, now apply directly to all business associates. In addition, the HITECH Act makes certain privacy provisions directly applicable to business associates. These changes are significant because business associates will now be directly regulated by HHS for those requirements, and as a result, will be subject to penalties imposed by HHS and/or state attorneys general. Likewise, a covered entity may in certain circumstances be held liable for a breach by its business associate. Covered entities have had to review and amend their business associate agreements in recent years in order to comply with these changing rules, which can be costly and administratively burdensome.

Security Breaches and Unauthorized Releases of Personal Information. state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals’ personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. state consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider’s reputation and materially adversely affect business operations.

Exclusion from Medicare or Medicaid Participation. The government may exclude a health center from federal health care program participation in instances of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government may also exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from a federal health care program means that a health center would be decertified under that program and no program payments can be made. Any health care provider exclusion could be a materially adverse event. In addition, exclusion of health care organization’s employees under Medicare or Medicaid may be another source of potential liability for health care organizations and health systems based on services provided by those excluded employees.

Administrative Enforcement. Administrative regulations may require less proof of a violation than do criminal laws, and, thus, health care providers may have a higher risk of imposition of monetary penalties as a result of an administrative enforcement actions.

Compliance with Conditions of Participation. CMS, in its role of monitoring participating providers' compliance with conditions of participation in the Medicare program, may determine that a provider is not in compliance with its conditions of participation. In that event, a notice of termination of participation may be issued or other sanctions potentially could be imposed.

Liability Under state "Fraud" and "False Claims" Laws. Health care providers in the States also are subject to a variety of state laws, related to false claims (similar to the FCA or that are generally applicable false claims laws) and anti-kickback (similar to the federal Anti-Kickback Statute or that are generally applicable anti-kickback or fraud laws). These prohibitions are similar in public policy and scope to the federal laws and could pose the possibility of material adverse impact for the same reasons as the federal statutes.

Licensing, Surveys, Investigations and Audits. Health care providers and facilities are subject to federal, state and local laws and regulations, and sanctions imposed under or changes to such laws or regulations could adversely affect the operations or financial results of the Obligated Group. Further reductions in federal and state funding of health care below levels authorized by present law can be expected.

Health care facilities are subject to numerous legal, regulatory, professional and private licensing, certification, accreditation and other governmental requirements. These include, but are not limited to, requirements of state licensing agencies and private payers and accreditation organizations, including The Joint Commission. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews generally conducted in the normal course of business of health facilities, some of which may require or include affirmative action or response by the Obligated Group. An adverse determination could result in a loss, fine or reduction in the Obligated Group's scope of licensure, certification or accreditation, could affect the ability to undertake certain expenditures or could reduce the payment received or require the repayment of the amounts previously remitted.

Environmental Laws and Regulations. Health centers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These include, but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the health center; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

Health centers may be subject to requirements related to investigating and remedying hazardous substances located on their property, including such substances that may have migrated off the property. Typical health center operations include the handling, use, storage, transportation, disposal and/or discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, health center operations are particularly susceptible to the practical, financial and legal risks associated with the environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and/or increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance. Although the Obligated Group is not aware of any pending or threatened claim, investigation or enforcement action regarding such environmental issues, which, if determined adversely, may have a material adverse effect on the Obligated Group's financial condition, there is no assurance that the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to its operations or financial condition.

Enforcement Activity. Enforcement activity against health care providers has increased, and enforcement authorities may aggressively pursue perceived violations of health care laws. In the current regulatory climate, it is anticipated that many health centers and physician groups may be subject to an audit, investigation, or other enforcement action regarding the health care fraud laws mentioned above. Enforcement authorities are often in a position to compel settlements to providers charged with or being investigated for false claims violations by withholding or threatening to withhold Medicare, Medicaid and similar payments and by instituting criminal action.

In addition, the cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement.

Therefore, regardless of the merits of a particular case, a health center could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could also be damaging to the reputation and business of a health center, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally, these risks are not covered by insurance.

Business Relationships and Other Business Matters

Pricing. Inflation in health center costs may evoke action by legislatures, payers or consumers. It is possible that legislative action at the state or national level may be taken with regard to the pricing of health care services.

Physician Supply. Sufficient community-based physician supply is important to health centers and health systems. A shortage of physicians could become a significant issue for the state health providers to face in the coming years. In addition, CMS annually reviews overall physician reimbursement formulas. Changes to physician compensation formulas could lead to physicians locating their practices in communities with lower Medicare populations. Health centers and health systems may be required to invest additional resources for recruiting and retaining physicians or may be required to increase the percentage of employed physicians in order to continue serving the growing population base and maintain market share.

Competition Among Health Care Providers. Increased competition from a wide variety of sources, including specialty health care providers, other 340B Program providers, pharmacies, hospital and health care systems, inpatient and outpatient health care facilities, federally qualified health care facilities, clinics, physicians and others, may adversely affect the utilization and/or revenues of health care providers. Existing and potential competitors may not be subject to various restrictions applicable to health centers, and competition, in the future, may arise from new sources not currently anticipated or prevalent.

It is possible that a competing health center, as a for-profit venture, would not accept indigent patients or other payers and government programs, leaving low-pay patient populations in a not-for-profit health center. In certain cases, such an event could be materially adverse to the Obligated Group.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce utilization and revenues of the health centers in the future or otherwise lead the way to new avenues of competition. In some cases, health center investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology.

Accountable Care Organization. The ACA established a Medicare Shared Savings Program that seeks to promote accountability and coordination of care through the creation of Accountable Care Organizations (“ACOs”). The program allows health care organizations, physicians and others to form ACOs and work together to invest in infrastructure and redesign integrated delivery processes to achieve high quality and efficient delivery of services. ACOs that achieve quality performance standards will be eligible to share in a portion of the amounts saved by the Medicare program. HHS has significant discretion to determine key elements of the program, including what steps providers must take to be considered an ACO, how to decide if Medicare program savings have occurred, and what portion of such savings will be paid to ACOs. These initiatives introduce greater risk and complexity to health care finance and operations.

Labor Relations and Collective Bargaining. Health centers are employers with a wide diversity of employees. Employees of health care organizations are increasingly becoming unionized, and certain health care organizations now have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant

cost increases to health centers. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and health center reputation. None of the employees or providers of the Obligated Group operate under a collective bargaining agreement. Management believes that the compensation and benefits package it offers to its employees are competitive and that its relations with employees of the Obligated Group are good. See “THE COMPANY’S OPERATIONS – Employees” herein.

Wage and Hour Class Actions and Litigation. Federal law and many states impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as health centers, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these “wage and hour” issues, often in the form of large, sometimes multi-state. For large employers such as health centers and health systems, such class actions can involve multimillion-dollar claims, judgments and/or settlements. class actions. A major class action decided or settled adversely to the Obligated Group could have a material adverse impact on its financial condition and result of operations.

Health Care Worker Classification. Health care providers, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. On the other hand, businesses are not required to withhold federal taxes from amounts paid to a worker classified as an independent contractor. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of health center independent contractors (e.g., physician medical directors) as employees, back taxes and penalties could be material.

Staffing. From time to time, the health care industry has suffered from a scarcity of nursing personnel, respiratory therapists, pharmacists and other trained health care and information system technicians. In addition, aging medical staffs and difficulties recruiting individuals to the medical professions are predicted to result in shortages. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. This is expected to intensify in the future, aggravating the general shortage and increasing the likelihood of health center-specific shortages. Competition for employees, coupled with increased recruiting and retention costs will increase health center operating costs, possibly significantly, and growth may be constrained. This scarcity may be further intensified if utilization of health care services increases as a consequence of the ACA’s expansion of the number of insured consumers. As reimbursement amounts are reduced to health care facilities and organizations that employ or contract with physicians, nurses and other health care professionals, pressure to control and possibly reduce wage and benefit costs may further strain the supply of those professionals. This trend could have a material adverse impact on the financial conditions and results of operations of health centers.

Professional Liability Claims and General Liability Insurance. In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. Insurance does not provide coverage for judgments for punitive damages.

Litigation also arises from the corporate and business activities of health centers, from a health center’s status as an employer. As with professional liability, many of these risks are covered by insurance policies maintained by the Obligated Group, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of a health center if determined or settled adversely.

The Obligated Group maintains general liability insurance as well as certain “gap” policies intended to cover professional liability. There is no assurance that the Obligated Group will be able to maintain coverage amounts currently in place in the future, that such coverage(s) will be sufficient to cover judgments rendered against the Obligated Group or that such coverage will be available at a reasonable cost in the future. See “OPERATIONS OF THE OBLIGATED GROUP - Insurance” herein.

Technology. Scientific and technological advances, new procedures, drugs and devices, preventive medicine, occupational health and safety, and outpatient health care delivery may reduce utilization and revenues of the Obligated Group in the future. Technological advances in recent years have accelerated the trend toward the use

by health centers of sophisticated and costly equipment and services, and health centers may have to incur significant costs to acquire the equipment needed to maintain or enhance their competitive position.

Components of ARRA provide for Medicare incentive payments for the “meaningful use” of certified electronic health record (“EHR”) technology. In 2011, the Medicare and Medicaid EHR incentive programs began providing incentive payments to eligible professionals and eligible hospitals for demonstrating meaningful use of certified EHR technology. Health care providers demonstrate their meaningful use of EHR technology by meeting objectives specified by CMS for using health information technology and by reporting on specified clinical quality measures. Beginning in 2015, hospitals and physicians that have not satisfied the performance and reporting criteria for demonstrating meaningful use will have their Medicare payments significantly reduced. Additionally, beginning in 2014, the federal government began auditing hospitals’ and providers’ records related to their attestation of being “meaningful users” in order to obtain the incentive payments. A hospital or provider that fails the audit will have an opportunity to appeal. Ultimately, hospitals or providers that fail on appeal will have to repay any incentive payments they received through these programs.

Future government regulation and adherence to technological advances could result in an increased need of the Obligated Group to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in application, which could negatively affect the financial condition of the Obligated Group.

Preparing for such new requirements, including potential updated software installation, staff training, changes to business operations and workflows and internal and external testing will take time. In addition, there is no assurance that the Obligated Group will timely or adequately implement such changes, resulting in delays in reimbursement discussed above, which could negatively affect the operations of the Obligated Group.

Information Systems. The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media are also increasingly being used in clinical operations, including the conversion from paper to electronic medical records, computerization of order entry functions and the implementation of clinical decision-support software. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. See “-Regulatory Environment- HIPAA, HITECH, and Other Privacy and Security Requirements” above. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals.

Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers.

Future government regulation and adherence to technological advances could result in an increased need of the Obligated Group to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in application, which could negatively affect the financial condition of the Obligated Group.

Cybersecurity Risks. Health care providers are highly dependent upon integrated electronic medical record and other information technology systems to deliver high quality, coordinated and cost-effective health care. These systems necessarily hold large quantities of highly sensitive PHI or other sensitive information that is highly valued on the black market for such information. As a result, the electronic systems and networks of health care providers are considered likely targets for cyberattacks and other potential breaches of their systems. Information technology systems are also vulnerable to random attacks, computer viruses, and physical or electronic break-ins. In addition to

regulatory fines and penalties, the health care entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. The Obligated Group has taken and continues to take measures to protect its information technology system against such cyberattacks and other events and issues that could result in breaches, but there can be no assurance that the Obligated Group will not experience a significant breach. If such a breach occurs, the financial consequences of such a breach could have a material adverse impact on the Obligated Group.

Payment Card Industry Security Standards. Health care providers have seen significant changes in the method, amount of transactions and dollar amount of patient payments. Health care providers recognize that financial data security is a paramount concern as is continuing to protect and secure patient information. Chip card (“EMV”) terminals protect against counterfeit transactions by replacing static data with dynamic data. The liability for card-present fraud shifts to whichever party is the least EMV- compliant in a fraudulent transaction. This means in practice that if a health care provider has not updated its system to accept chip cards and fraud occurs when a chip card is inserted into the terminal, the health care provider would be liable for the costs.

RISKS RELATING TO CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS

For a complete understanding of the terms and conditions of the Financing Documents, please see APPENDIX B - “FORM OF THE MASTER INDENTURE” and APPENDIX C - “FORM OF THE BOND INDENTURE.” In order to understand in full, the terms, conditions, and obligations of the Principal Documents, including any risks and procedures pertaining thereto, potential owners of the Bonds are advised, and expected, to consult with an expert in the field before purchasing any Bonds.

General

The legal right and practical ability of the Master Trustee to enforce rights and remedies under the Bond Indenture and the Master Indenture may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors’ rights. Enforcement of such rights and remedies will depend upon the exercise of various remedies specified by such documents, which, in many instances, may require judicial actions that are subject to discretion and delay, that otherwise may not be readily available or that may be limited by certain legal principles. There exists common law authority and authority under certain statutes for the ability of the courts to terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes. Such court action may arise on the court’s own motion or pursuant to a petition of the States Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

The various legal opinions delivered concurrently with the issuance of the Bonds are qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, policy and decisions affecting remedies and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors’ rights or the enforceability of certain remedies or document provisions.

Amendments to Bond Documents

Certain amendments to the Bond Indenture and the Master Indenture may be made with the consent of the Owners of a majority of the principal amount of Bonds. Such amendments may adversely affect the security of the Owners of the Bonds and in the future, such percentage may be composed wholly or partially of the holders of additional parity indebtedness. See APPENDIX B - “FORM OF THE MASTER INDENTURE” and APPENDIX C - “FORM OF THE BOND INDENTURE.”

Prior Pledge

Included in such Permitted Encumbrances are security interests in the same property covered by the Granting Clauses of the Master Indenture granted by the Company and other members of the Obligated Group to secure agreements with two suppliers of pharmaceuticals and such liens will be prior to the liens created by the Granting Clauses. During the Fiscal Year ended June 30, 2020, the average owed per two-week billing cycle to the

two vendors was \$3,483,797 and \$14,499 respectively. See Section 8.33 of the Master Indenture, APPENDIX B - "FORM OF THE MASTER INDENTURE" for certain restrictions regarding vendor contracts.

Additional Indebtedness

The Master Indenture permits the Obligated Group to incur additional Master Debt which may be equally and ratably secured with the Bonds. Any such additional parity debt would be entitled to share ratably with the Owners of the Bonds in any monies realized from the exercise of remedies in the event of a default. There is no assurance that, despite compliance with the conditions upon which additional Master Debt may be incurred at the time such debt is created, the ability of the Obligated Group to make the necessary payments to repay the Bonds may be materially, adversely affected upon the incurrence of additional Master Debt. See APPENDIX B - "FORM OF THE MASTER INDENTURE."

Limitations on Security and Remedies

Bankruptcy and Equitable Principles. The enforcement of remedies under the financing documents may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

The members of the Obligated Group have limited assets, substantially all of which are pledged to the Master Trustee on behalf of the Owners of the Bonds, subject to certain exceptions. Under the Financing Documents, if there is an Event of Default on the Bonds, the Master Trustee may pursue any remedy permitted by law and the Financing Documents to exercise the remedies available to a secured creditor. There can be no assurance that the proceeds realized from the exercise of such remedies would be sufficient to pay unpaid principal of and interest on the Bonds. Payments to the Owners of the Bonds can be delayed or reduced following a default by the Obligated Group under the Financing Documents.

Upon the occurrence of certain Events of Default, the Master Indenture provides that the Holders of a majority in principal amount of Controlling Master Debt may instruct the Master Trustee to accelerate the principal and interest on the Bonds and declare the same immediately due and payable. In connection with such declaration, the Holders of a majority in principal amount of Controlling Master Debt may also direct the Master Trustee to foreclose on the Collateral (as defined in the Deed of Trust).

Generally, if an Event of Default occurs and any Bonds are accelerated, the Master Trustee is not obligated to exercise any of its rights or powers under any Financing Document (and any supplement thereto) unless the Owners of affected Bonds offer the Master Trustee reasonable indemnity. Upon acceleration of the maturity of the Bonds following an Event of Default, the lien on the Collateral in favor of the Master Trustee for its unpaid fees and expenses, will be senior to the lien in favor of the Owners of the Bonds. As a result, any proceeds of sale of the Collateral will be applied first to the payment of unpaid fees and expenses of the Master Trustee before being applied to payment of unpaid principal, interest and other amounts due on the Bonds.

The filing by, or against, the Obligated Group for relief under the United States Bankruptcy Code (the "Bankruptcy Code") could cause delays or reductions in payments to the Owners of the Bonds. Pursuant to section 362(a) of the Bankruptcy Code, the filing of a bankruptcy petition creates an "automatic stay" that enjoins litigation against the debtor and its property and other efforts by creditors to enforce their claims, pending further order of the bankruptcy court. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Obligated Group, and its property and as an automatic stay of any act or proceeding to enforce a lien against such property including the lien held by the Master Trustee. If it were to be determined that the Obligated Group's revenues and accounts receivable are not "proceeds" of the Collateral pledged by the Obligated Group, then the lien of the Deed of Trust may not attach to any revenues or accounts receivable collected after the bankruptcy case is commenced and the Obligated Group may not be required to use such revenues or collections of accounts receivable to pay debt service. In such circumstances, there could be substantial delays or reductions in payments on the Bonds. In addition, the Owners of the Bonds will need to obtain the permission of the bankruptcy court before any payments can be made on the Bonds (even from moneys in the possession of the Master Trustee) and before any rights or remedies can be exercised by the Master Trustee or the Owners of the Bonds.

The bankruptcy court could authorize the debtor to obtain credit secured by a senior, priming lien on property of the bankruptcy estate already encumbered by existing liens, but only if the bankruptcy court determines that there is adequate protection of the interests of the Owners of those existing liens (such as the Owners of the Bonds) on the property of the estate on which the senior or equal lien is proposed to be granted.

No plan may be confirmed unless, among other conditions, the bankruptcy court finds that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor except to the extent provided for in the plan.

Similarly, although the Obligated Group may be able to confirm a plan that modifies the terms of the Bonds, if the Owners of the Bonds, as a class, vote to reject such a plan and object to confirmation of such a plan, the plan cannot be approved and confirmed by the bankruptcy court unless it complies with the provisions of the Bankruptcy Code, which require, among other things, that any plan be “fair and equitable.” With respect to the Master Trustee, acting on behalf of the Owners of the Bonds, as the holder of secured claims in and to the Collateral, “fair and equitable” means, among other things, that the plan: (1) allows the Master Trustee to retain its lien on the Collateral that secure their claims and makes deferred cash payments, with appropriate interest, to the Master Trustee such that the payments equal the total value of the Collateral that secure their claims, as of the effective date of the plan; or (2) proposes to sell the Collateral that secure the claims of the Master Trustee, subject to the rights, if any, of the Master Trustee to bid in the amount of their secured claims at the sale, and provided that the Master Trustee’s lien will attach to the proceeds of the sale; or (3) provides for the Master Trustee to otherwise receive what the bankruptcy court determines to be the “indubitable equivalent” of their secured claims.

Also, in a bankruptcy proceeding where the members of the Obligated Group are the debtor, the Master Trustee and the Owners of the Bonds may only receive post-petition interest on their claims to the extent the value of their security exceeds the amount of their claims or to the extent the members of the Obligated Group are solvent.

In the event of the bankruptcy of the members of the Obligated Group, any amount realized by the Master Trustee or Owners of the Bonds may depend on the bankruptcy court’s interpretation of “indubitable equivalent” and “adequate protection” under the then existing circumstances.

Any transfers made to the Owners of the Bonds, the Master Trustee at or prior to the commencement of any bankruptcy proceeding by or against the members of the Obligated Group may be avoided and recaptured if such transfers are (a) avoidable by a judicial lien creditor who obtained its lien on the date the case commenced (regardless of whether such a creditor actually exists), (b) preferential or fraudulent or (c) voidable under applicable law by any actual unsecured creditor. Post-petition transfers to the Master Trustee or the Owners of the Bonds also may be subject to avoidance and recapture in any such bankruptcy proceeding. Similarly, in a bankruptcy proceeding involving the members of the Obligated Group, the members of the Obligated Group as debtors or a bankruptcy trustee for the members of the Obligated Group may seek turnover of property of the members of the Obligated Group that the Master Trustee or the Owners of the Bonds hold at the time of the commencement of a bankruptcy proceeding. The members of the Obligated Group as debtors or a bankruptcy trustee for the members of the Obligated Group may seek, subject to approval by the bankruptcy court, to reject the members of the Obligated Group’s executory contracts (including the Material Project Documents). If the bankruptcy court approves the rejection of such executory contract, the members of the Obligated Group would be relieved of its further performance obligations under such executory contract. (The third party to such executory contract would have a claim for damages resulting from the rejection of such executory contract.)

Possible Limitations on Joint and Several Liability of Obligated Group Members. The joint and several obligation of members of the Obligated Group is in effect a guaranty by each member of the obligations of all other members of the Obligated Group. The state of insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of such guarantees is unsettled. Thus, the ability of the Master Trustee to enforce the Master Indenture against any member of the Obligated Group that would be rendered insolvent by the required payment could be subject to challenge. For example, these provisions of law might be applied to preclude a member of the Obligated Group from making payment with respect to the 2020 Master Debt or another obligation issued under the Master Indenture (referred to hereinafter as a “Master Indenture Obligation”) if the proceeds of the related loan were not received by such member and payment on such Master Indenture Obligation would render such member

insolvent. Also, these provisions of law might be applied to preclude a member of the Obligated Group from making a payment with respect to a Master Indenture Obligation if the obligation of such member under such Master Indenture Obligation was incurred without “fair,” “valuable” or “fairly equivalent” consideration to such member and payment under such Master Indenture Obligation would render such member insolvent. The standards for determining the fairness or value of consideration and the manner of determining insolvency are not clear and may vary under the federal bankruptcy code, state fraudulent conveyance statutes and applicable judicial decisions.

Enforceability of Obligations. The obligations described herein of the Obligated Group to pay, or cause to be paid, promptly the principal of, premium, if any, and interest on the Obligations may not be enforceable to the extent that payment on the Obligations would be required to be made from any money or assets that are donor restricted or that are subject to a direct, express or charitable trust which does not permit the use of such monies or assets for payment of the obligation evidenced by the Obligations.

Any Obligation not issued for the benefit of a particular Obligated Group member may not be enforceable against such Obligated Group member if such enforcement would result in the cessation or discontinuance of any material portion of the health care or related services or other charitable services previously provided by such Obligated Group member. It is possible that in an action involving the enforceability of the obligation of one Obligated Group member to make payments on an Obligation issued for the benefit of another Obligated Group member, the obligation may not be enforceable in the event it is determined that sufficient consideration therefor was not received by such Obligated Group member and that the incurrence of such obligation has rendered or will render the Obligated Group member insolvent or will result in the Obligated Group member being undercapitalized.

Limitations on Lien on Gross Receipts. Under the terms of the Bond Indenture, the Company shall make payments to the Bond Trustee sufficient to pay the Bonds and the interest thereon as the same become due. The obligation of the Company to make such payments is secured by the 2020 Master Debt issued under the Master Indenture which, in turn, is secured by a security interest granted to the Master Trustee in the Gross Receipts of the Obligated Group. Such lien is on a parity with the lien on Gross Receipts securing all other Master Indenture Obligations, if any. The lien on Gross Receipts may become subordinate to certain Permitted Liens under the Master Indenture. See “FORM OF THE MASTER INDENTURE” in APPENDIX B hereto.

The effectiveness of the security interest in the Obligated Group members’ Gross Receipts granted in the Master Indenture may be limited by a number of factors, including (a) commingling of such Gross Receipts with other moneys not so pledged or rights of third parties in Gross Receipts not in the possession of the Master Trustee, (b) provisions prohibiting the direct payment of amounts due to health care providers from Medicaid and Medicare programs to persons other than such providers and (c) present or future prohibitions against assignment of such amounts contained in any applicable statutes or regulations.

To the extent that Gross Receipts are derived from payments by the federal or state government under the Medicare or Medicaid program, any right to receive such payments directly may be unenforceable. The Social Security Act and state regulations prohibit anyone other than the individual receiving care or the institution providing service from collecting Medicare and Medicaid payments directly from the federal or state government. In addition, Medicare and Medicaid receivables may be subject to provisions of the Assignment of Claims Act of 1940, which restricts the ability of a secured party to collect accounts directly from government agencies. With respect to receivables and revenues not subject to the lien, or where such lien was unenforceable, the Master Trustee would occupy the position of an unsecured creditor. Counsel to the Obligated Group has not provided an opinion with regard to the enforceability of the lien on Gross Receipts of the Obligated Group, where such Gross Receipts are derived from the Medicare and Medicaid programs.

In the event of bankruptcy of a member of the Obligated Group, transfers of property by the bankrupt entity, including the payment of debt or the transfer of any collateral, including receivables and Gross Receipts on or after the date which is 90 days (or, in some circumstances, one year) prior to the commencement of the case in bankruptcy court may be subject to avoidance or recoupment as preferential transfers. Under certain circumstances a court may have the power to direct the use of Gross Receipts to meet expenses of the member of the Obligated Group before paying debt service on the Bonds.

Pursuant to the Florida Uniform Commercial Code, a security interest in the proceeds of Gross Receipts may not continue to be perfected if such proceeds are not paid over to the Master Trustee by an Obligated Group member under certain circumstances. If any required payment is not made when due, the Obligated Group members

must transfer or pay over immediately to the Master Trustee any Gross Receipts with respect to which the security interest remains perfected pursuant to law. Any Gross Receipts thereafter received shall upon receipt by an Obligated Group member be transferred to the Master Trustee without such Gross Receipts being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment.

The value of the security interest in the Gross Receipts could be diluted by the incurrence of Debt secured equally and ratably with (or in certain cases senior or subordinate to) the Bonds as to the security interest in the Gross Receipts.

Potential Liens on Assets of the Obligated Group. The Master Indenture permits certain liens or encumbrances, referred to in the Master Indenture as “Permitted Liens,” in favor of other creditors with respect to assets of the Obligated Group. If such a Permitted Lien is created, creditors secured by such liens will have a prior lien with respect to the assets covered by such Permitted Liens. For a description of Permitted Liens, see “FORM OF THE MASTER INDENTURE” in APPENDIX B.

Prior Liens. As described above under “SECURITY FOR THE BONDS – Permitted Encumbrances, there are existing prior liens securing the agreements with certain suppliers of pharmaceuticals.

RISKS RELATING TO THIS OFFERING

Management Prepared Financial Information

This Offering Memorandum contains certain financial information prepared by management of the Obligated Group under the headings “PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF ACTIVITIES WITH THE ADDITIONS OF MIDLAND MEDICAL-BROWARD, LLC AND PRIDE PHARMACEUTICS, LLC” and “HISTORIC AND PROJECTED FIXED CHARGE COVERAGE RATIO AND DAYS CASH ON HAND.” Such financial information has not been examined or reviewed by independent certified public accountants or independent consultants.

Limited Market for Bonds

Rating. The Bonds have received a rating of BB+ from Fitch Rating Service, Inc., which is less than an investment grade rating, which could adversely affect the ability of beneficial owners of Bonds to sell the Bonds or the price at which such Bonds can be sold. See also “Credit Rating” below.

Credit Rating. There is no assurance that the credit rating assigned to the Bonds at the time of issuance or at a subsequent time will not be lowered or withdrawn, the effect of which could adversely affect the market price and the market for the Bonds. A rating agency rating the Bonds may revise the criteria under which it rates the Bonds at any time, which revision could result in significant changes to or withdrawal of the credit rating assigned to the Bonds. In addition, in determining the initial credit rating for the Bonds, and in conducting its annual rating surveillance, such rating agency may use assumptions regarding revenues, expenses and values related to the Obligated Group that differ materially from those used by the Company. Such differences could result in a lowering or withdrawal of the rating on the Bonds, if, for example, the rating agency's calculations resulted in a failure of the Company to meet the required coverage tests for the Bonds. See “RATING” herein.

Secondary Market. It is the present practice of the Underwriter to assist beneficial owners of bonds in the secondary market in the bond issues it places. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular bond issue, these secondary marketing practices in connection with a particular bond issue are suspended or terminated. In addition, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially lower than the original purchase price. There can be no guarantee or assurance that the Underwriter will always continue its present secondary marketing practices, and there can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Any prospective purchaser of Beneficial Ownership Interests in the Bonds should therefore undertake an independent investigation through its own advisors regarding the desirability and practicality of the investment in the Bonds. Any prospective purchaser should be fully aware of the long-term nature of an investment in the Bonds and should assume that it will

have to bear the economic risk of its investment indefinitely. Any prospective purchaser of the Bonds that does not intend or that is not able to hold the Bonds for a substantial period of time is advised against investing in the Bonds.

Restrictions on Transfer. Bondholders must be “qualified institutional buyers,” as defined in Rule 144A under the Securities Act. There are restrictions on transfer of the Bonds. See “RESTRICTIONS ON OWNERSHIP AND TRANSFER OF BONDS.”

Risk of Tender

The Bonds are subject to mandatory tender for purchase by the Bond Trustee on behalf of the Company at the option of the beneficial owners thereof at the Purchase Price on any Reset Date. While the Company has engaged the Remarketing Agent to serve as a remarketing agent for any tendered Bonds, the Company may need to find alternative financing to pay the Purchase Price of the tendered Bonds. No representation or warranty is made that the Company will have funds necessary to pay the Purchase Price of the tendered Bonds. **If the tendered Bonds are not purchased by the Bond Trustee on the Reset Date, such failure to purchase the tendered Bonds will constitute an Event of Default under the Bond Indenture.**

OTHER RISK FACTORS

In the future, the following factors, among others, may also adversely affect the operations of health care providers, including the Obligated Group, to an extent that cannot be determined at this time:

1. Any termination or alteration of existing agreements between the Obligated Group and individual medical providers who render services to the patients of the Obligated Group, or the termination or departure of dental providers.
2. An inflationary economy and difficulty of the Obligated Group to increase charges and fees for services may adversely affect the Obligated Group’s operating margins.
3. The cost and availability of energy, which could affect the cost of utilities.
4. Any increase in the quantity of indigent care provided which is mandated by law.
5. An inability to obtain future governmental approvals to undertake projects necessary to remain competitive both as to rates and charges as well as quality and scope of care could adversely affect the operations of the Obligated Group.
6. Imposition of wage and price controls for the health care industry, such as those that were imposed and adversely affected health care facilities in the early 1970s.
7. Increased unemployment or other adverse economic conditions in the Obligated Group’s service area which could increase the proportion of patients who are unable to pay fully for the cost of their care. In addition, increased unemployment caused by a general downturn in the economy of the Obligated Group’s service area or by the closing of operations of one or more major employers in such service areas may result in a significant change in the demographics of such service areas, such as a reduction in the population.
8. Adoption of other, or amendments to existing federal, state, or local legislation or regulations that could have an adverse effect on the future operating and financial performance, including, without limitation, changes in tax, pension, social security, Medicare, Medicaid, or other laws effecting the provisions of health care, retirement benefits and other services to the elderly or indigent populations.
9. Occurrence of natural disasters or acts of terrorism in the Obligated Group’s service area, against the Obligated Group or others that has the effect of damaging the facilities, or otherwise impair the operation and generation of revenues by the Obligated Group. In the future, other events may adversely affect the operations of the Obligated Group, as well as other health care facilities, in a manner and to an extent that cannot be determined at this time.

TAX MATTERS

Interest on Bonds Includable in Gross Income

Interest on the Bonds is includable in gross income for federal income tax purposes. On the date of issuance of the Bonds, Foley & Lardner LLP, Bond Counsel, will deliver an opinion to that effect and to the effect that the Bonds. Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences arising with respect to the Bonds. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local or other tax laws, to such investor's particular situation.

Additional Federal Income Tax Considerations for Owners of the Bonds

The Bonds are not obligations described in Section 103(a) of the Code. Accordingly, assuming that the Bonds are properly treated as debt for federal income tax purposes, the stated interest paid on the Bonds or the original issue discount accruing on the Bonds will be includable, for federal income tax purposes, in the gross income of each Series 2020 Taxable Beneficial Owner and will be subject to federal income taxation when recognized under the Code according to the tax accounting method applicable to such Series 2020 Taxable Beneficial Owner. It is possible that Series 2020 Taxable Beneficial Owners may be required to pay taxes on interest or original issue discount, if any, accruing on the Bonds even though there will not be a corresponding cash payment until a later year.

The following summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Bonds is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates), which changes may be retroactive, or possible differing interpretations. It deals only with the Bonds held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding the Bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes or persons whose functional currency is not the U.S. dollar. It also does not deal with Owners other than investors who purchase Bonds in the initial offering at the first price at which a substantial amount of substantially identical Bonds is sold to the general public (except where otherwise specifically noted). Persons considering a purchase of the Bonds should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Bonds arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. Moreover, as used herein, the term "U.S. Holder" includes any holder of a Bond whose income or gain in respect of its investment in a Bond is effectively connected with a U.S. trade or business.

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Bond (other than an entity that is classified as a partnership) that is not a U.S. Holder.

If a partnership (including for this purpose any entity treated as a partnership for United States federal income tax purposes) is the beneficial owner of any Bonds, the treatment of a partner in that partnership will generally depend upon the status of such partner and the activities of such partnership. A partnership and any partner in a partnership considering a purchase of the Bonds should consult their own tax advisors.

Original Issue Discount on the Bonds

The following summary is a general discussion of certain of the U.S. federal income tax consequences to U.S. Owners of the purchase, ownership and disposition of Bonds, if any, issued with original issue discount

(“Discount Bonds”). The following summary is based upon final Treasury regulations (the “OID Regulations”) released by the IRS under the original issue discount provisions of the Code.

For U.S. federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price, if such excess equals or exceeds a de minimis amount (generally 1/4 of 1% of a Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date or, in the case of a Bond providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such Bond). The issue price of each maturity of substantially identical Bonds equals the first price at which a substantial amount of such maturity of Bonds has been sold (ignoring sales to Bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The stated redemption price at maturity of a taxable Bond is the sum of all payments provided by the taxable Bond other than “qualified stated interest” payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. Payments of qualified stated interest on a taxable Bond are generally taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder’s regular method of tax accounting).

A U.S. Holder of a Discount Bond must include original issue discount in income as ordinary interest income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder’s regular method of tax accounting. In general, the amount of original issue discount included in income by the initial U.S. Holder of a Discount Bond is the sum of the daily portions of original issue discount with respect to such Discount Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Discount Bond. The “daily portion” of original issue discount on any Discount Bond is determined by allocating to each day in any accrual period a ratable portion of the original issue discount allocable to that accrual period. An “accrual period” may be of any length and the accrual periods may vary in length over the term of the Discount Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of original issue discount allocable to each accrual period is generally equal to the difference between (i) the product of the Discount Bond’s adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The “adjusted issue price” of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Bond that were not qualified stated interest payments. Under these rules, U.S. Owners generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder who purchases a Discount Bond for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the sum of all amounts payable on the Discount Bond after the purchase date, other than payments of qualified stated interest, will be considered to have purchased the Discount Bond at an “acquisition premium.” Under the acquisition premium rules, the amount of original issue discount which such U.S. Holder must include in its gross income with respect to such Discount Bond for any taxable year (or portion thereof in which the U.S. Holder holds the Discount Bond) will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

U.S. Owners may generally, upon election, include in income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable Bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions. This election will generally apply only to the debt instrument with respect to which it is made and may be revoked only with the consent of the IRS.

Market Discount on the Bonds

If a U.S. Holder purchases a Bond, other than a Discount Bond, for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity) or, in the case of a Discount Bond, for an amount that is less than its adjusted issue price as of the purchase date, such U.S. Holder will be treated

as having purchased such Bond at a “market discount,” unless the amount of such market discount is less than a specified de minimis amount.

Under the market discount rules, a U.S. Holder will be required to treat any partial principal payment (or, in the case of a Discount Bond, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a Bond as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount which has not previously been included in gross income and is treated as having accrued on such Bond at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of a Bond, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Bond with market discount until the maturity of such Bond or certain earlier dispositions because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income or gain upon the disposition of a Bond and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for U.S. federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Premium on the Bonds

If a U.S. Holder purchases a Bond for an amount that is greater than the sum of all amounts payable on the Bond after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased the Bond with “amortizable Bond premium” equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a U.S. Holder that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of the Bond. However, if the Bond may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity, special rules would apply which could result in a deferral of the amortization of some Bond premium until later in the term of the Bond (as discussed in more detail below). Any election to amortize Bond premium applies to all taxable debt instruments held by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

The following rules apply to any Bond that may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity. The amount of amortizable Bond premium attributable to such Bond is equal to the lesser of (i) the difference between (a) such U.S. Holder’s tax basis in the Bond and (b) the sum of all amounts payable on the Bond after the purchase date, other than payments of qualified stated interest, or (ii) the difference between (x) such U.S. Holder’s tax basis in the Bond and (y) the sum of all amounts payable on the Bond after the purchase date due on or before the early call date, other than payments of qualified stated interest. If a Bond may be redeemed on more than one date prior to maturity, the early call date and amount payable on the early call date that produces the lowest amount of amortizable Bond premium is the early call date and amount payable that is initially used for purposes of calculating the amount pursuant to clause (ii) of the previous sentence. If an early call date is not taken into account in computing premium amortization and the early call is in fact exercised, a U.S. Holder will be allowed a deduction for the excess of the U.S. Holder’s tax basis in the Bond over the amount realized pursuant to the redemption. If an early call date is taken into account in computing premium amortization and the early call is not exercised, the Bond will be treated as “reissued” on such early call date for the call price. Following the deemed reissuance, the amount of amortizable Bond premium is recalculated pursuant to the rules described under this sub caption. The rules relating to Bonds that may be optionally redeemed are complex; accordingly, prospective purchasers should consult their own tax advisors regarding the application of the amortizable Bond premium rules to their particular situation.

Disposition of a Bond

Except as discussed above, upon the sale, exchange or retirement of a Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder's adjusted tax basis in the Bond. A U.S. Holder's adjusted tax basis in a Bond generally will equal such U.S. Holder's initial investment in the Bond increased by any original issue discount included in income (and accrued market discount, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable Bond premium taken with respect to such Bond. Such gain or loss generally will be long-term capital gain or loss if the Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. Holder is an individual, long-term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Medicare Tax

For taxable years beginning after December 31, 2012, an additional 3.8% tax will be imposed on the net investment income (which includes interest, original issue discount and gains from a disposition of a Bond) of certain individuals, trusts and estates. Prospective investors in the Bonds should consult their tax advisors regarding the applicability of this tax to an investment in the Bonds.

Backup Withholding on the Bonds

Backup withholding of United States federal income tax may apply to payments made in respect of the Bonds to registered owners that are not "exempt recipients" and that fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Bonds to a U.S. Holder must be reported to the IRS unless the U.S. Holder is an exempt recipient or establishes an exemption. Compliance with the identification procedures described in the first sentence of this paragraph would establish an exemption from backup withholding for those non-U.S. Owners who are not exempt recipients.

In addition, upon the sale of a Bond to (or through) a broker, the broker must report the sale and withhold on the entire purchase price, unless either (i) the broker determines that the seller is a corporation or other exempt recipient or (ii) the seller certifies that such seller is a non-U.S. Holder (and certain other conditions are met). Certification of the registered owner's non-U.S. status would normally be made on IRS Form W-8BEN under penalties of perjury, although in certain cases it may be possible to submit other documentary evidence.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax; provided that the required information is furnished to the IRS.

The above discussion is only a brief summary of certain of the provisions of the Code applicable to Owners of the Bonds, and prospective purchasers should consult with their own tax advisors regarding the federal, state and local tax consequences of owning the Bonds.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions and some of the general fiduciary standards on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans referred to below ("Qualified Retirement Plans"), and on individual retirement accounts ("IRAs") described in Section 408 of the Code (collectively, "Tax-Favored Plans"). Governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements and are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Bonds without regard to ERISA and the Code considerations described below but may be subject to similar provisions of applicable federal

and state law (the “Similar Law”). Moreover, fiduciaries of non-U.S. benefit plans should determine the effect of foreign laws on the acquisition of the Bonds.

Fiduciaries of plans covered by ERISA and Tax-Favored Plans should determine if the acquisition and retention of the Bonds satisfy ERISA’s general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan. In addition, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties in Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA or Section 4975 of the Code and parties may be liable for losses suffered by plan investors if prohibited transactions occur unless a statutory or administrative exemption is available.

The acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Company or the Bond Trustee, or any of their respective affiliates, is or becomes a Party in Interest (or a Disqualified Person) with respect to such Benefit Plan. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision on behalf of a plan to acquire a Bond. Included among these exemptions are Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers;” PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts;” PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by independent “qualified professional asset managers.” In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibited transaction rules for certain transactions between Benefit Plans and persons who are Parties in Interest (or Disqualified Persons) solely by reason of providing services to such Benefit Plans or that are affiliated with such service providers, *provided* generally that such persons are not fiduciaries (or affiliates of fiduciaries) with respect to the “Plan Assets” of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

Any ERISA Plan fiduciary considering whether to purchase Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of plans that are not ERISA Plans should seek similar counsel with respect to the effect of any applicable law and governing plan documents.

By acquiring the Bonds (or interest therein), each purchaser thereof (and if the purchaser is a Benefit Plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring such Bonds (or interests therein) with the assets of a Benefit Plan, governmental plan or church plan or (ii) the acquisition of such Bonds (or interests therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

LEGAL MATTERS

Williams, Parker, Harrison, Dietz & Getzen, PLLC will pass upon certain legal matters on behalf of the Obligated Group. Foley & Lardner LLP has served as bond counsel and Butler Snow LLP has served as counsel to the Underwriter.

LITIGATION

To the knowledge of the Obligated Group, there is not now pending any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members or other officers of the Company or the members of the Obligated Group to their respective offices is being contested.

FINANCIAL STATEMENTS

The financial statements of the Company as of June 30, 2020, 2019 and 2018, and for the years then ended, included in this Offering Memorandum in APPENDIX A, have been audited by Cavanaugh & Co., LLP, independent auditors, as stated in their report appearing herein.

REPORTING WEBSITE

The financial information described herein under the heading “SECURITY FOR THE BONDS – Financial and Operating Covenants – Financial Statements and Other Information” may be obtained by any beneficial owner of Bonds by sending a request for such information to the Reporting Website, disclosure@cancommunityhealth.org.

RATING

The Bonds have been assigned a bond rating of “BB-” (Stable Outlook) from Fitch Rating Services, Inc. (“Fitch”), as indicated on the cover of this Offering Memorandum, based on the credit strength of the Company. Such rating reflects only the views of such rating agency at the time the rating is given, and the Company makes no representation as to the appropriateness of the rating. An explanation of the significance of any rating may be obtained only from the rating agency.

The Company has furnished the rating agency with certain information and materials that have not been included in this Offering Memorandum. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies, and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such change in or withdrawal of such rating could have an adverse effect on the market price for or marketability of the Bonds.

Neither the Underwriter nor the Company has an obligation to oppose any proposed revision or withdrawal of the ratings on the Bonds. The Underwriter has no responsibility to bring to the attention of the Owners of the Bonds any proposed revision or withdrawal of the ratings on the Bonds.

UNDERWRITING

Hilltop Securities Inc. (the “Underwriter”), is offering the Bonds on a best efforts, all or none basis, subject to the terms of a Bond Purchase Agreement dated December 29, 2020. The Underwriter will be paid a fee of \$1,827,000, which may be withheld by the Underwriter as a discount. Under the Bond Purchase Agreement, the Obligated Group has agreed to indemnify the Underwriter against certain costs, claims and liabilities, including certain liabilities arising under the Securities Act of 1933.

FINANCIAL ADVISOR

The Company has retained Essex Capital Group, (“Essex Capital”), Tampa, Florida, as financial advisor in connection with the issuance of the Bonds. Although Essex Capital has assisted in the preparation of this Offering Memorandum, Essex Capital was not and is not obligated to undertake, and has not undertaken to make, an independent verification and assumes no responsibility for the accuracy or fairness of the information contained in this Offering Memorandum.

MISCELLANEOUS

The references herein to the Bond Indenture, the Bonds, the Master Indenture, and the Deed of Trust are brief descriptions of certain provisions thereof. Such descriptions do not purport to be complete, and reference is made to such documents for full and complete statements therein. So far as any statements are made in this Offering Memorandum involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The forms of the Master Indenture and the Bond Indenture are included herein as Appendices C and D, respectively.

Any statements in this Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached Appendices are integral parts of this Offering Memorandum and should be read in their entirety together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Series 2020A Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Bonds.

The information assembled in this Offering Memorandum has been supplied by the Company and other sources believed to be reliable, and, except for the statements under the heading “THE ISSUER” herein and information relating to the Issuer under the heading “LITIGATION – Issuer,” the Issuer makes no representations with respect to nor warrants the accuracy of such information. The Company has agreed to indemnify the Issuer and the Underwriter against certain liabilities relating to the Offering Memorandum.

U.S. Bank National Association has not reviewed and takes no responsibility for any information contained in this Offering Memorandum.

AUTHORIZATION AND APPROVAL

The distribution of this Offering Memorandum has been duly authorized and approved by the Company.

* _ * _ * _ * _ *

APPENDIX A
CONSOLIDATED FINANCIAL STATEMENTS

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CAN Community Health, Inc.

**Consolidated
Financial Statements**

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CAN Community Health, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CAN Community Health, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CAN Community Health, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Other Information**

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of CAN Community Health, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAN Community Health, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Catamount & Co LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
October 26, 2020

CAN Community Health, Inc.

Consolidated Statement of Financial Position
June 30, 2020

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 9,455,437
Investments, at fair value	
Accounts receivable, net	13,829,409
Pharmacy program receivables	11,538,346
Grants receivable	284,907
Inventory	2,395,086
Prepaid income taxes	190,384
Prepaid expenses	<u>746,499</u>
Total current assets	<u>38,440,068</u>
Property and Equipment, net	<u>32,158,088</u>
Intangible Assets:	
Medical practices acquired, net	375,494
Other, net	625,444
Goodwill	<u>43,686,679</u>
Total intangible assets	<u>44,687,617</u>
Other Non Current Assets:	
Interest in unconsolidated affiliates	1,966,177
Program related advances	871,462
Due from affiliates	5,471
Deposits	839,549
Annuity	190,000
Split interest agreement	<u>45,889</u>
Total other assets	<u>3,918,548</u>
Total assets	<u>\$ 119,204,321</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 8,179,734
Accrued payroll	3,527,137
Current portion of long-term debt	6,916,485
Current portion of obligations under practice acquisitions	525,000
PPP Loan	<u>4,722,900</u>
Total current Liabilities	23,871,256
Long Term Liabilities:	
Long-term debt, net of current portion	58,226,117
Interest-rate swaps	1,911,506
Obligation under annuity	190,000
CAN Pharmacy capital funding	<u>80,008</u>
Total long-term liabilities	<u>60,407,631</u>
Total liabilities	<u>84,278,887</u>
Net assets:	
Without restrictions	33,056,411
Non-Controlling	<u>1,869,023</u>
Total net assets	<u>34,925,434</u>
Total liabilities and net assets	<u>\$ 119,204,321</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Activities
For the Year Ended June 30, 2020

Operating revenues, gains and other support:

Pharmacy assistance program	\$ 183,820,561
Sales	185,177,915
Medical services, net	7,673,896
Federal awards	1,842,611
Research grants	138,257
Special events revenue, net	368,595
Other support	373,078
Contributions	105,392
Collaborative program services	1,322,302
Collaborative administration fees	120,000
Investment return, net	20,937
Total revenues, gains and other support	<u>380,963,544</u>

Summary of operating expenses :

Program services	343,486,127
General and administrative	20,015,498
Fundraising	561,021
Total	<u>364,062,646</u>

Operating revenues and gains in excess of operating expenses	16,900,898

Other items considered to be nonoperating and nonrecurring:

Depreciation and amortization expense	1,822,913
Interest and related amortization expense	3,435,903
Loss on interest- rate swaps	1,909,568
Acquisition related costs	1,526,889
Loss on sale of asset	1,252,192
Provision for income tax	977,916
Total	<u>10,925,381</u>

Revenues and gains and gains in excess of expenses	<u>5,975,517</u>

Equity in earnings from unconsolidated affiliates	<u>59,913</u>

Change in net assets	<u>6,035,430</u>

Less change in net assets attributable to non-controlling interests	<u>(740,333)</u>

Change in net assets	<u>\$ 5,295,097</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Changes in Net Assets
For the Year Ended June 30, 2020

	<u>Net Assets Without Restrictions</u>		<u>Total</u>
	<u>Controlling</u>	<u>Non-controlling</u>	<u>Net Assets</u>
Balance, July 1, 2019	\$ 27,761,314	2,108,690	29,870,004
Distributions	-	(980,000)	(980,000)
Change in net assets	<u>5,295,097</u>	<u>740,333</u>	<u>6,035,430</u>
Balance, June 30, 2020	<u>\$ 33,056,411</u>	<u>1,869,023</u>	<u>34,925,434</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services				General and Administrative	Fundraising	Total
	Medical	Dental	Support Services	Education & Prevention			
Pharmacy Expenses:							
Medications	\$ 278,376,061	-	-	-	-	-	278,376,061
Dispensing fees	5,282,812	-	-	-	-	-	5,282,812
Administrative fees	5,251,886	-	-	-	-	-	5,251,886
CAN Pharmacy admin fees	1,155,892	-	-	-	-	-	1,155,892
Medical supplies	83,909	-	-	-	-	-	83,909
Shipping fees	86,647	-	-	-	-	-	86,647
Total pharmacy expenses	290,237,207	-	-	-	-	-	290,237,207
Service Expenses:							
Clinical professional fees	9,001,804	96,794	580,761	-	-	-	9,679,359
Collaborative program fees	4,942,736	-	50,956	101,912	-	-	5,095,604
Client assistance	2,228,619	-	303,903	-	-	-	2,532,522
Uncompensated care	1,317,775	6,622	-	-	-	-	1,324,397
Clinical supplies	473,881	46,868	-	-	-	-	520,749
Medical equipment	164,302	16,250	-	-	-	-	180,552
Laboratory analysis	528,459	17,048	-	22,729	-	-	568,236
Total service expenses	18,657,576	183,582	935,620	124,641	-	-	19,901,419
Personnel Expenses:							
Salaries	14,902,920	808,334	1,698,370	2,180,326	10,655,754	268,808	30,514,512
Insurance	1,883,115	147,695	221,543	295,390	1,881,989	36,923	4,466,655
Pension	374,955	29,408	44,112	58,816	312,582	7,352	827,225
Payroll taxes	736,898	57,795	86,693	115,591	939,960	14,448	1,951,385
Other personnel	306,842	24,066	36,099	48,132	492,149	6,016	913,304
Total personnel expenses	18,204,730	1,067,298	2,086,817	2,698,255	14,282,434	333,547	38,673,081
Operation Expenses:							
Computer	866,453	48,136	96,272	128,363	449,274	16,045	1,604,543
Clinic travel and other	821,278	45,626	91,253	121,670	425,852	15,208	1,520,887
Promotions and development	16,490	916	1,832	2,443	8,552	305	30,538
Advertising	350,496	19,472	38,944	51,925	181,740	6,490	649,067
Bank charges	445,771	24,765	49,530	66,040	231,142	8,255	825,503
Bad debt	220	12	24	32	116	4	408
Office supplies	274,218	13,258	26,517	35,356	123,751	4,419	477,519
Office equipment	134,367	7,464	14,929	19,906	69,674	2,488	248,828
Professional development	1,002	55	111	148	523	18	1,857
Printing and publications	71,723	3,984	7,969	10,625	37,192	1,328	132,821
Licenses and permits	139,279	7,737	15,475	20,634	72,221	2,579	257,925
Postage and delivery	528,721	29,373	58,746	78,329	274,153	9,791	979,113
Dues and subscriptions	138,052	7,669	15,339	20,452	71,585	2,556	255,653
Community support	411,722	22,873	45,746	60,995	213,489	7,624	762,449
Miscellaneous	212,298	2,477	4,955	6,607	23,131	825	250,293
Total operation expenses	4,412,090	233,817	467,642	623,525	2,182,395	77,935	7,997,404

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Functional Expenses - Continued
For the Year Ended June 30, 2020

	Program Services				General and Administrative	Fundraising	Total
	Medical	Dental	Support Services	Education & Prevention			
Professional Fees:							
Contract services	479,800	-	-	-	353,538	8,417	841,755
Legal	-	-	-	-	1,108,538	-	1,108,538
Accounting	-	-	-	-	115,426	-	115,426
Total professional fees	479,800	-	-	-	1,577,502	8,417	2,065,719
Facilities Expenses:							
Repairs and maintenance	216,178	7,275	35,098	46,373	607,450	14,411	926,785
Property taxes	63,767	1,805	7,222	9,028	42,998	2,708	127,528
Utilities	634,083	28,181	112,725	140,907	450,902	42,272	1,409,070
Insurance	354,226	15,743	62,973	78,716	251,892	23,614	787,164
Lease	855,536	38,023	152,094	190,118	608,379	57,035	1,901,185
Storage	16,241	721	2,886	3,608	11,546	1,082	36,084
Total facilities expenses	2,140,031	91,748	372,998	468,750	1,973,167	141,122	5,187,816
Total operating expenses	\$ 334,131,434	1,576,445	3,863,077	3,915,171	343,486,127	20,015,498	364,062,646
Other items considered to be nonoperating and nonrecurring:							
Depreciation and amortization	235,854	14,741	58,963	73,704	1,415,171	24,480	1,822,913
Interest and related amortization	-	-	-	-	3,435,903	-	3,435,903
Loss on interest-rate swaps	-	-	-	-	1,909,568	-	1,909,568
Acquisition related costs	-	-	-	-	1,526,889	-	1,526,889
Loss on sale of asset	-	-	-	-	1,252,192	-	1,252,192
Provision for income tax	-	-	-	-	977,916	-	977,916
Total other expenses	235,854	14,741	58,963	73,704	10,517,639	24,480	10,925,381
Total expenses	\$ 334,367,288	1,591,186	3,922,040	3,988,875	343,869,389	585,501	374,988,027

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Cash Flows

For the Year Ended June 30, 2020

Cash flows from operating activities:	
Changes in net assets	\$ 5,295,097
Adjustments to reconcile changes in net assets to cash flows from operating activities:	
Depreciation and amortization	2,509,357
Loss on swap agreement	1,909,568
Equity in earnings from unconsolidated affiliates	(59,913)
Loss on sale of property and equipment	1,252,192
Non-controlling interest	740,333
(Increase) decrease in assets:	
Accounts receivable	2,066,368
Pharmacy receivables	(6,503,639)
Inventory	137,915
Grants receivable	18,397
Prepaid expenses	(220,131)
Prepaid income taxes	520,616
Due from affiliates	(5,471)
Deposits	(39,616)
Annuity	62,000
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(7,726,251)
Accrued payroll	1,944,219
PPP loan	4,722,900
Annuity	(62,000)
CAN Pharmacy capital funding	(200,000)
Total adjustments	<u>1,066,844</u>
Net cash flows from operating activities	<u>6,361,941</u>
Cash flows from investing activities:	
Program related advances	6,664
Distributions from unconsolidated affiliates	54,807
Investment in unconsolidated affiliates	(24,932)
Proceeds from sale of assets	3,700,000
Purchases of property and equipment	<u>(6,669,073)</u>
Net cash flows from investing activities	<u>(2,932,534)</u>
Cash flows from financing activities:	
Proceeds from notes payable	3,947,471
Debt issuance costs	(1,241,576)
Repayment of notes payable	(3,370,595)
Dividends paid	<u>(980,000)</u>
Net cash flows from financing activities	<u>(1,644,700)</u>
Net increase in cash and cash equivalents	1,784,707
Cash and cash equivalents - beginning of year	<u>7,670,730</u>
Cash and cash equivalents - end of year	<u>\$ 9,455,437</u>
Income taxes paid	<u>\$ 457,300</u>
Interest paid	<u>\$ 2,749,459</u>
Refinanced debt	<u>\$ 53,689,024</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

CAN Community Health, Inc. ("CAN"), formally known as Comprehensive Care Center, Inc. dba Community AIDS Network, is a not-for-profit corporation founded in 1991. The purpose of CAN is to provide a continuum of medical, social, and educational services essential to the health and well-being of those infected with HIV/AIDS, hepatitis C, sexually transmitted diseases and other diseases, and to enhance public awareness.

Headquartered in Sarasota, Florida, CAN operates and provides services in 32 facilities throughout the States of Florida (27), Arizona (2), Virginia (1), New Jersey (1), and South Carolina (1), with future locations opening in FY2021 in the State of Texas (1).

In May 2018 CAN opened its first fully owned pharmacies located in Clearwater, Jacksonville and Fort Lauderdale. In addition to the three CAN owned pharmacies, it maintains a network of over 300 independent contract pharmacy locations.

In September 2016 CANTransport, LLC (a Florida limited liability corporation) was formed to provide transportation services to the Organization. CAN Community Health, Inc. is the sole member of the LLC, accordingly the accounts of CANTransport, LLC are included in these financial statements.

In October 2018 CAN acquired eighty percent interest in JTJ Medical Supply, Inc. ("JTJ") and eighty percent interest in Tampa Family Pharmacies, Inc. ("TFP"). The accounts of both companies are included in these financial statements. JTJ and TFP are taxed as C Corporations. In August 2020 CAN acquired the remaining twenty percent interest of TFP.

CAN is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. CANTransport, LLC as a single member LLC includes its activity in the Organization's tax filings.

Principles of Consolidation

The consolidated financial statements include the accounts of CAN Community Health, Inc., CANTransport, LLC, JTJ Medical Supply, Inc. and Tampa Family Pharmacy, Inc. (collectively, the "Organization"). All significant transactions between the three affiliates have been eliminated in the consolidation.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations* (FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*). Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 1 – Organization and Summary of Significant Accounting Policies – continued:

A description of the net asset categories follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Services

The Organization recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give include split-interest amounts (contributions shared by the Organization and other beneficiaries, which may include the donor) and are recorded at present value based on the estimated lives of the donors. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 1 – Organization and Summary of Significant Accounting Policies – continued:

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Inventory

Inventory consists of pharmaceuticals. The organization values inventory at the lower of cost or market net realizable value on the first-in first-out basis.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. The Organization capitalizes purchases over \$5,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates in which the Organization has a 20% to 50% interest are carried at cost, adjusted for the company's proportionate share of their undistributed earnings or losses.

Intangible Assets

Intangible assets consist of goodwill, the value of purchased medical practices and other intangibles that have future benefit to the Organization. Goodwill is assigned to specific reporting units and is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. Medical practices and other intangible assets are amortized over the period of time for which the Organization benefits, up to ten years.

Program Related Advances

The Organization advances funds to other not for profit organizations to achieve charitable purposes in alignment with the Organization's mission. These advances may contain components of a contribution as well as a loan. Each advance is evaluated by management at the time the advance is made to determine an allocation of the advance between a contribution and a loan. Any portion that is deemed to be a contribution is further revaluated as to whether it is an unconditional or a conditional promise to give. Unconditional promises to give are recognized as contributions at that time the promise to give is made. Conditional promises to

give are recognized contributions at the time substantially all conditions are met. In addition, some loans may be forgiven upon the occurrence of a future event. The Organization's programmatic loans normally bear zero or a below market interest rate. Programmatic loans are measured at fair value at inception and are initially recorded on a net basis to reflect a discount on loan receivable. The loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed, based on the Organization's understanding of the borrower's financial health and/or payment history. At June 30, 2020 management did not record an allowance for program related investments, as all balances are deemed collectible.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 1 – Organization and Summary of Significant Accounting Policies – continued:

Debt Issuance Costs

Debt issuance costs are presented as a direct reduction of the related debt liability and are amortized over the term of the related debt on a straight-line basis which is not materially different than the interest method. Amortization is included with interest expense.

Interest-Rate Swap

An interest-rate swap is used to mitigate interest-rate risk on the outstanding loan balances. The related liability or asset is reported at fair value in the statements of financial position, and unrealized gains and losses are included in the statements of activities.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Property and Equipment:

Property and equipment consist of the following:

<u>Property and equipment in service</u>		<u>Estimated Useful Lives</u>
Buildings	\$ 12,441,800	30
Leasehold improvements	6,096,935	15
Land	3,405,075	-
Furniture	448,183	5-7
Office equipment	67,273	3-5
Pharmacy equipment	451,736	3-5
Information systems equipment	468,255	5-7
Medical equipment	1,087,793	5-15
Vehicle	57,943	5
Transportation equipment	<u>3,701,168</u>	15
Total in service	28,226,161	
Less – accumulated depreciation	<u>(2,807,315)</u>	
Net property and equipment in service	<u>25,418,846</u>	
 <u>Property and equipment not in service</u>		
Building	3,596,111	
Construction in process	<u>3,143,130</u>	
Total property and equipment not in service	<u>6,739,241</u>	
Total property and equipment, net	<u>\$ 32,158,088</u>	

Depreciation expense for the year ended June 30, 2020 was \$1,588,020.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 3 – Uninsured Cash Balances:

The Organization maintains its cash balances at various financial institutions. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per customer as of June 30, 2020. At times, cash balances may be in excess of these limits. Management reviews the bank ratings and considers the risk to be minimal.

Note 4 – Intangible Assets:

Medical Practice Acquired:

The Organization has purchased three physician's practices. The purchase price for each acquisition has been determined by the fixed dollar amount that is agreed upon plus, as applicable, an estimate of any additional future consideration based on earnings payouts. The purchase price has been allocated to tangible and intangible assets and liabilities. The most significant intangible asset acquired has been patient lists. Amortization is provided on a straight-line basis over the estimated life of the patient relationship, generally five years. Amortization expense for year ended June 30, 2020 was \$201,975.

Medical practices acquired consist of the following:

Patient lists	\$ 1,009,874
Accumulated amortization	<u>(634,380)</u>
Medical practices acquired, net	<u>\$ 375,494</u>

Future amortization expense for the next three years for medical practices is as follows for each of the June 30 years ending:

2021	\$ 181,744
2022	111,250
2023	82,500

Obligations under practice acquisitions consist of two seller notes payable. Terms of the first seller note payable call for three annual payments of \$150,000 and matures on July 1, 2021. In May 2020 the Organization entered into a Letter of Intent (LOI) to purchase an additional practice and pharmacy. The LOI required a \$525,000 deposit to move forward with the intent to purchase. The deposits will offset the obligation for the purchase price. The Organization is making monthly \$75,000 installment payments. The balance owed under this agreement is \$375,000. Future maturities of these seller notes and LOI are as follows for each of the June 30 years ending:

2021	\$ 525,000

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 4 – Intangible Assets - continued:

Other Intangibles:

The Organization has other Intangibles that consists of ownership that consists of the naming rights and brand that relate to a certain geographical area. Amortization is provided on a straight-line basis over the twenty-year estimated life of the asset. Amortization expense for year ended June 30, 2020 was \$32,918.

Other Intangibles acquired consist of the following:

Other Intangible Asset	\$ 658,362
Accumulated amortization	<u>(32,918)</u>
Other Intangible Asset acquired, net	<u>\$ 625,444</u>

Future amortization expense for the next five years for other intangibles is as follows for each of the June 30 years ending:

2021	\$32,918
2022	32,198
2023	32,198
2024	32,198
2025	32,198

Note 5 – Pension Plan:

The Organization provides a pension plan for its employees pursuant to Section 403(b) of the Internal Revenue Code. After an employee completes ninety days of service, the Organization matches the employee's elective deferrals up to 5% of compensation. The Organization also contributed 4% to eligible employees. It has since reactivated this discretionary contribution in July 2020. Pension expense was \$827,225 for the year ended June 30, 2020.

Note 6 – Income Taxes:

Income from JTJ and TFP is subject to income tax. However, due to net operating losses incurred and loss carryforwards, there is no current year tax provision for TFP. JTJ had a current year tax provision of \$977,916. Since the majority of the Organization's income is derived from the operations of CAN, and therefore not taxable, the consolidated change in net assets bears no relationship to taxable income.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements as of June 30, 2020. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 7 - Program Related Advances:

The Organization advances funds to other not for profit organizations to achieve charitable purposes in alignment with the Organization's mission. Program related advances as of June 30, 2020 total \$871,462. Management annually reviews the status of the collectability of Program related advances.

Note 8 – Pharmacy Assistance Program:

The Organization was approved in 2011 to contract with new pharmacies and satellite providers. The Organization implemented its "Pharmacy Assistance Program" in order to generate additional revenue for the general program services for the Organization. The Program constitutes the 340B Drug Discount Program which is administered by the Office of Pharmacy Affairs (OPA) within the Health Resources and Services Administration (HRSA) and funding is generated from the drug discount received from the pharmaceutical manufacturers.

The Organization's Pharmacy Assistance Program revenue for the year ended June 30, 2020 was \$183,820,561. Pharmacy Assistance Program receivable as of June 30, 2020 was \$9,372,745. Management considers this to be fully collectible.

As of June 30, 2020, the Organization owns and operates medical clinics in Sarasota and North Port, Daytona, St. Petersburg, Ybor City, Clearwater, New Port Richey, Orlando, Jacksonville, Ft Lauderdale, Miami, and Virginia. The Organization's medical clinics treat all patients who have a sexually transmitted disease (STD), including HIV and hepatitis C, regardless of the ability to pay. The Organization also treats hepatitis C for mono-infected patients.

The Organization has collaborative partnerships with various non-profit service organizations to own and operate medical clinics and related services and programs. The Organization has Interagency Partnership Agreements with various strategic and established non-profit organizations outlining program services in the South Florida, North Florida, Central Florida, Columbus (Georgia), and Norfolk (Virginia) regions.

In addition to owned clinics and strategic partnerships, the Organization collaborates under Professional Service Agreements with HIV & STD clinics which are physician owned and are located in Sarasota, Tampa, Brandon, Avon Park, Winter Park, Fort Lauderdale, Bradenton, Gainesville, Oakland Park, Orlando, Phoenix, Temple Terrace, and Lighthouse Point.

Note 9 – Obligation Under Annuity:

In June 2015, the Organization purchased an annuity totaling \$380,000 to fund a retirement obligation to a former employee. Payments under the obligation began in July 2015 and expire in June 2025. Payments made for the year ended June 30, 2020 were \$62,000 resulting in a balance in the annuity of \$190,000. The obligation under annuity as of June 30, 2020 is \$190,000.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 10 – Fair Value Measurements:

Certain assets and liabilities of the Organization are presented at fair value. The FASB Accounting Standards Codification provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumption market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2020 and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities

Level 2 – inputs other than quoted prices included in level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the organization's assumptions based on the best information available in the circumstance.

		Financial Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Description	June 30, 2020							
Financial liabilities at fair value on a recurring basis at June 30, 2020:								
Interest-rate swap	\$ 1,911,506				1,911,506			

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 11 – Interest in Unconsolidated Affiliates:

The Organization acquired a thirty-five percent interest in Sarasota-Bradenton Aviation, Inc. (“SB Aviation”) for \$420,000. SB Aviation (a sub S corporation) owns and operates a hangar facility in Sarasota, Florida. Because of this investment, the Organization is able to utilize hangar space at this facility. The Organization is carrying its interest in SB Aviation on the equity method.

The Organization collaborated with Metro Inclusive Health, Inc. (a Florida not for profit organization) (“Metro”) to form MetroCAN, LLC. (“MetroCAN”). MetroCAN is a Florida limited liability company and was formed to purchase, improve and lease certain real property in St. Petersburg, Florida. The Organization and Metro each have a fifty percent interest in MetroCAN. The Organization is carrying its interest in MetroCAN on the equity method.

MetroCAN purchased land and a 47,236 square foot medical office building in St. Petersburg, Florida for approximately \$3,000,000. It obtained a loan to provide funds \$2,550,000 towards the purchase price, and \$2,550,000 to be applied to construction costs for a total loan amount of \$5,100,000. The loan was amended in March 2017 to include additional construction funding of \$2,103,000 for a total loan amount of \$7,203,000. The ability to draw on the construction loan expired in January 2019. Payment was due in full in January 2019, however certain conditions were met so that the loan can be paid in installments through April 2026. The loan is collateralized with a mortgage on the property. The Organization and Metropolitan are both joint and several guarantors on the debt. The debt contains certain financial covenants, management of MetroCAN and the Organization believe those covenants are being met.

The Organization’s initial and subsequent investment affiliates through June 30, 2020 were as follows:

	<u>MetroCAN</u>	<u>SB Aviation</u>	<u>Total</u>
Beginning balance, interest in affiliates	\$ 1,514,515	421,624	1,936,139
Capital contributions	24,932	-	24,932
Distributions	(54,807)	-	(54,807)
Earnings in affiliates	<u>54,361</u>	<u>5,552</u>	<u>59,913</u>
Ending balance, interest in affiliates	\$ <u>1,539,001</u>	<u>427,176</u>	<u>1,966,177</u>

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 11 – Interest in Unconsolidated Affiliates - continued:

Summarized financial information of unconsolidated affiliates as of June 30, 2020 is as follows:

	<u>MetroCAN</u>	<u>SB Aviation</u>
Cash	\$ 158,082	36,948
Building, property and equipment	11,165,030	555,824
Other assets	116,424	2,549
Total assets	\$ <u>11,439,536</u>	<u>595,321</u>
 Mortgage loan	\$ 8,091,187	-
Other liabilities	270,346	23,535
Members' equity	3,078,003	571,786
Total liabilities and members' equity	\$ <u>11,439,536</u>	<u>595,321</u>
	 <u>MetroCAN</u>	 <u>SB Aviation</u>
Revenues	\$ 981,056	112,573
Expenses	<u>(872,335)</u>	<u>(96,710)</u>
Net income	\$ <u>108,721</u>	<u>15,861</u>

Note 12 – Commitments:

The Organization has a number of operating leases for real estate and equipment with terms ranging from one to ten years. Current monthly payments are approximately \$182,325.

The future minimum lease payments for the next five years under these leases are estimated to be:

2021	\$1,771,009
2022	1,459,643
2023	1,372,244
2024	1,063,369
2025	955,639

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 13 – Long-term Debt:

Long-term debt consists of the following:

Acquisition NRLOC Loan payable to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for fifty-seven monthly payments in the amount of \$425,000 plus accrued interest commencing with the payment date occurring on January 15, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). An interest Swap agreement has been entered into to cover the interest on \$25 million of debt, which fixes the floating LIBOR to fixed LIBOR at approximately 3.21%. Collateral includes certain assets and accounts as described in a related security agreement.

\$ 48,450,000

Sarasota Facility NRLOC Loan to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for seventy-seven monthly payments in the amount of \$28,333 plus accrued interest commencing with the payment date occurring on January 15, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). An interest Swap agreement has been entered into to cover the interest on the initial of \$3,960,000 million of debt effective from initial draw credit date, and on the second draw of \$1,520,000 which floats until April 2019. The swap covering both draws will fix the LIBOR rate at approximately 3.21%. Collateral includes certain assets and accounts as described in a related security agreement.

6,650,002

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 13 – Long-term Debt – continued:

CAN Community Health Revolving Credit Facility to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of interest only commencing with the payment date occurring on January 15, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.

-

JTJ Medical Supply Revolving Credit Facility to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of interest only commencing with the payment date occurring on January 15, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.

-

Tampa Family Pharmacy Revolving Credit Facility to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of interest only commencing with the payment date occurring on January 15, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.

-

Mortgage note payable to purchase real estate. Terms call for monthly payments beginning June 2018 of \$3,125 plus interest through 2025. Interest rate is variable. Collateral includes certain assets and accounts as described in a related security agreement.

731,250

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 13 – Long-term Debt – continued:

Mortgage note to purchase real estate. Terms call for monthly payments of \$3,599 beginning April 15, 2019. Interest rate of 5.625% for 60 months. Loan amortized over 20 years. Collateral is first mortgage on property acquired.

500,262

Mortgage note payable to purchase real estate. Terms call for monthly payments beginning December 2018 of \$15,337 plus interest through 2031. Interest rate is initially 5.05% with provisions for adjustments in the 5th and tenth years to the U.S. Treasury Security Treasury Bill Index plus 2.60%. Collateral is first mortgage on property acquired.

2,070,433

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for thirty-six monthly payments of principal and interest in the amount of \$33,964 commencing with the payment date occurring on November 9, 2018, with a balloon payment due October 2021. Interest is fixed at 5%. Collateral includes certain assets and accounts as described in a related security agreement.

1,904,559

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for thirty-six monthly payments of principal and interest in the amount of \$33,964 commencing with the payment date occurring on November 9, 2018 with a balloon payment due October 2021. Interest is fixed at 5%. Collateral includes certain assets and accounts as described in a related security agreement.

1,904,559

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for sixty monthly payments of principal and interest in the amount of \$12,376 commencing with the payment date occurring on November 19, 2018, with a balloon payment due October 2023. Interest is fixed at 4%. Collateral includes certain assets and accounts as described in a related security agreement.

1,927,354

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 13 – Long-term Debt – continued:

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for twenty-four monthly payments of principal and interest in the amount of \$40,216 commencing with the payment date occurring on November 19, 2018. Interest is fixed at 4%. Collateral includes certain assets and accounts as described in a related security agreement.

159,535

CAPEX Loan Facility, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of accrued interest plus one-thirty-sixth of the outstanding principal balance commencing with the payment date occurring on November 5, 2018. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.

-

Aircraft Term Loan payable to bank, to purchase transportation equipment. Terms of the loan call for forty-eight monthly payments of principal and interest in the amount of \$24,946 commencing with the payment date occurring on January 23, 2020, with a balloon payment due January 2024. Interest is fixed at 4.75%. Collateral includes certain assets and accounts as described in a related security agreement.

1,898,371

Equipment note payable to purchase equipment.

68,849

Total notes payable

66,265,174

Less – Debt issuance costs, net

(1,122,572)

Total notes payable, net

65,142,602

Less – Current portion of long-term debt

(6,916,485)

Total long-term debt

\$ 58,226,117

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 13 – Long-term Debt – continued:

Future maturities of long-term debt for the years ending June 30,

<u>Year</u>	
2021	\$ 6,916,485
2022	9,222,669
2023	6,056,785
2024	36,863,687
2025	561,534
Thereafter	6,644,014
Total	<u>\$ 66,265,174</u>

To hedge against interest rate risk, the Organization entered into interest rate swaps (the Swaps) with a major U.S. bank as the counterparty. The Swaps mature in October 2025. The notional values and applicable interest rates as of June 30, 2020 are as follows:

<u>Current Notional</u>	<u>Counterparty Pays</u>	<u>Counterparty Receives</u>	<u>Maturity Date</u>
\$ 27,450,000	1.92%	1M Libor	December 11, 2024
6,650,002	1.97%	1M Libor	December 11, 2026

The fair value of the liabilities under the Swaps as of June 30, 2020 was \$1,911,506, which has been reflected in the accompanying consolidated financial statements.

Interest expense incurred under these debt agreements totaled \$3,435,903 for the year ended June 30, 2020.

The Organization is subject to various loan covenants. As of June 30, 2020, the Organization was in compliance with these covenants contained in the loan agreement.

Note 14 – Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing healthcare and case management services to our patients as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, 2020, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could be readily be made available within one year of the balance sheet date to meet general expenditures:

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 14 – Liquidity and Availability - Continued:

Financial assets at year-end

Cash and cash equivalents	\$ 9,455,437
Accounts receivable, net	13,829,409
Pharmacy program receivables	11,538,346
Grants receivable	<u>284,907</u>
Total financial assets at year-end	<u>\$ 35,108,099</u>

The Organization also has lines of credit available to meet short term needs. See Note 13 for information about these relationships.

Note 15 – Third Party Administrator:

The Organization is contracted with RX Strategies, a third-party administrator, to oversee 340B transactions between the contracted pharmacies and the covered entity. The relationship between RX Strategies and the Organization is treated as an agency relationship. The balance sheet accounts are recorded on a net basis. Current year activity has been recorded as follows:

340B Gross Revenue Managed by RX Strategies, net of fees	\$ 122,234,162
Administration Fee paid to RX Strategies	(13,972,625)
Pharmaceutical Drug Costs	(68,583,752)
Amounts paid to CAN	<u>(26,413,194)</u>
Net Amount Due to CAN as of June 30, 2020	<u>\$ 13,264,590</u>

Note 16 – Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 17 – PPP Loan:

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the paycheck protection program ("PPP") which provides small business with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration ("SBA") with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2020

Note 17 – PPP Loan - continued:

The Organization applied for and was accepted to participate in this program. In April 2020, the Organization received funding for approximately \$4,722,900. The loan is a two-year loan with a maturity date of April 2022. The loan bears an annual interest rate of 1%. The loan shall be payable monthly with the first six monthly payments deferred. It is the Organization's intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the SBA. The Company is eligible for loan forgiveness in an amount equal to payments made during the 24-week period beginning on the Loan date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. The Organization used all loan proceeds to partially subsidize direct payroll expenses.

The Organization considers this a conditional grant with revenue recognized as the conditions are substantially met. Management believes the final review and approval of the application for loan forgiveness is a significant condition. As of June 30, 2020, the Organization has not applied for forgiveness. Accordingly, all of the proceeds from the PPP are recognized as a refundable advance at June 30, 2020.

Note 18 – Uncertainties:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on CAN's financial condition, liquidity, and future results of operations. CAN's ability to generate revenue relies on its continued ability to treat patients. Leadership immediately identified this risk after the pandemic was declared and implemented programs for safe methods of critical services, specifically through telemedicine. Due to this implementation, CAN experienced minimal interruption to their business operations. However, management continues to actively monitor the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, CAN is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 19 – Subsequent Events:

Subsequent events have been evaluated through October 26, 2020, which is the date the financial statements were available to be issued.

CAN Community Health, Inc.

Consolidating Statement of Financial Position June 30, 2020

ASSETS

	CAN Community Health, Inc.	JTJ Medical Supply, LLC	Tampa Family Pharmacy, LLC	Elimination	Total
Current Assets:					
Cash and cash equivalents	\$ 3,666,829	5,494,120	294,488	-	9,455,437
Accounts receivable, net	2,740,030	4,912,861	6,176,518	-	13,829,409
Pharmacy program receivables	15,841,141	-	-	(4,302,795)	11,538,346
Grants receivable	284,907	-	-	-	284,907
Inventory	506,832	1,477,215	411,039	-	2,395,086
Prepaid income taxes	-	190,384	-	-	190,384
Prepaid expenses	719,177	-	27,322	-	746,499
Total current assets	23,758,916	12,074,580	6,909,367	(4,302,795)	38,440,068
Property and Equipment, net	31,388,326	769,762	-	-	32,158,088
Intangible Assets:					
Medical practices acquired, net	375,494	-	-	-	375,494
Other, net	625,444	-	-	-	625,444
Goodwill	-	-	-	43,686,679	43,686,679
Total intangible assets	1,000,938	-	-	43,686,679	44,687,617
Other Non-Current Assets:					
Interest in consolidated affiliates	51,162,776	-	-	(51,162,776)	-
Interest in unconsolidated affiliates	1,966,177	-	-	-	1,966,177
Program related advances	871,462	-	-	-	871,462
Due from affiliates	578,183	-	-	(572,712)	5,471
Deposits	834,399	5,150	-	-	839,549
Annuity	190,000	-	-	-	190,000
Split interest agreement	45,889	-	-	-	45,889
Total other assets	55,648,886	5,150	-	(51,735,488)	3,918,548
Total assets	\$ 111,797,066	12,849,492	6,909,367	(12,351,604)	119,204,321

LIABILITIES AND NET ASSETS

Current Liabilities:					
Accounts payable	\$ 3,919,356	5,908,312	2,654,862	(4,302,796)	8,179,734
Accrued payroll	3,435,932	-	91,205	-	3,527,137
Current portion of long-term debt	6,847,636	68,849	-	-	6,916,485
Current portion of obligations under practice acquisitions	525,000	-	-	-	525,000
PPP Loan	3,605,100	741,400	376,400	-	4,722,900
Due to affiliates	-	-	572,712	(572,712)	-
Total current Liabilities	18,333,024	6,718,561	3,695,179	(4,875,508)	23,871,256
Long-Term Liabilities:					
Long-term debt, net of current portion	58,226,117	-	-	-	58,226,117
Interest-rate swaps	1,911,506	-	-	-	1,911,506
Obligation under annuity	190,000	-	-	-	190,000
CAN Pharmacy capital funding	80,008	-	-	-	80,008
Total long-term liabilities	60,407,631	-	-	-	60,407,631
Total liabilities	78,740,655	6,718,561	3,695,179	(4,875,508)	84,278,887
Net assets:					
Without restrictions	33,056,411	6,130,931	3,214,188	(9,345,119)	33,056,411
Non-Controlling	-	-	-	1,869,023	1,869,023
Total net assets	33,056,411	6,130,931	3,214,188	(7,476,096)	34,925,434
Total liabilities and net assets	\$ 111,797,066	12,849,492	6,909,367	(12,351,604)	119,204,321

CAN Community Health, Inc.

Consolidating Statement of Activities For the Year Ended June 30, 2020

	CAN Community Health	JTJ Medical Supply	Tampa Family Pharmacy	Elimination	Total
Operating revenues, gains and other support:					
Pharmacy assistance program	\$ 183,820,561	-	-	-	183,820,561
Sales	4,349,067	109,388,089	80,096,683	(8,655,924)	185,177,915
Medical services, net	7,673,896	-	-	-	7,673,896
Federal awards	1,842,611	-	-	-	1,842,611
Research grants	138,257	-	-	-	138,257
Special events revenue, net	368,595	-	-	-	368,595
Other support	346,400	-	26,678	-	373,078
Contributions	105,392	-	-	-	105,392
Collaborative program services	1,322,302	-	-	-	1,322,302
Collaborative administration fees	120,000	-	-	-	120,000
Investment return, net	20,937	-	-	-	20,937
Total revenues, gains and other support	<u>200,108,018</u>	<u>109,388,089</u>	<u>80,123,361</u>	<u>(8,655,924)</u>	<u>380,963,544</u>
Summary of operating expenses :					
Pharmacy	125,992,649	96,468,022	76,432,460	(8,655,924)	290,237,207
Service	19,901,419	-	-	-	19,901,419
Personnel	29,901,151	5,333,885	3,438,045	-	38,673,081
Administrative	5,832,628	1,415,486	749,290	-	7,997,404
Professional fees	1,778,031	239,075	48,613	-	2,065,719
Facilities	4,600,551	483,055	104,210	-	5,187,816
Total	<u>188,006,429</u>	<u>103,939,523</u>	<u>80,772,618</u>	<u>(8,655,924)</u>	<u>364,062,646</u>
Operating revenues and gains in excess of operating expenses	12,101,589	5,448,566	(649,257)	-	16,900,898
Other items considered to be nonoperating and nonrecurring:					
Depreciation and amortization expense	1,703,338	119,575	-	-	1,822,913
Interest and related amortization expense	3,435,750	153	-	-	3,435,903
Loss on interest- rate swaps	1,909,568	-	-	-	1,909,568
Acquisition related costs	1,526,889	-	-	-	1,526,889
Loss on sale of asset	1,252,192	-	-	-	1,252,192
Provision for income tax	-	977,916	-	-	977,916
Total	<u>9,827,737</u>	<u>1,097,644</u>	<u>-</u>	<u>-</u>	<u>10,925,381</u>
Revenues and gains in excess (less than) expenses	<u>2,273,852</u>	<u>4,350,922</u>	<u>(649,257)</u>	<u>-</u>	<u>5,975,517</u>
Equity in net earnings from consolidated affiliates	2,961,332	-	-	(2,961,332)	-
Equity in net earnings from unconsolidated affiliates	59,913	-	-	-	59,913
Change in net assets	<u>5,295,097</u>	<u>4,350,922</u>	<u>(649,257)</u>	<u>(2,961,332)</u>	<u>6,035,430</u>
Less change in net assets attributable to non-controlling interests	-	-	-	-	(740,333)
Change in net assets	<u>\$ 5,295,097</u>	<u>4,350,922</u>	<u>(649,257)</u>	<u>(2,961,332)</u>	<u>5,295,097</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
CAN Community Health, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CAN Community Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CAN Community Health, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAN Community Health, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAN Community Health, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Carranough & Co. LLP". The script is cursive and fluid, with the ampersand being particularly stylized.

Sarasota, Florida
October 26, 2020

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CAN Community Health, Inc.

**Consolidated
Financial Statements**

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CAN Community Health, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CAN Community Health, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CAN Community Health, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. In addition, the accompanying schedule of expenditures of federal awards and state projects and related notes, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of CAN Community Health, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAN Community Health, Inc.'s internal control over financial reporting and compliance.



Sarasota, Florida
March 10, 2020

CAN Community Health, Inc.

Consolidated Statement of Financial Position

June 30, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 7,670,730
Accounts receivable, net	15,895,777
Pharmacy program receivables	5,034,707
Grants receivable	303,304
Inventory	2,533,001
Prepaid income taxes	711,000
Prepaid expenses	<u>526,368</u>
Total current assets	<u>32,674,887</u>

Property and Equipment, net	<u>32,029,228</u>

Intangible Assets:

Medical practices acquired, net	577,468
Other	658,362
Goodwill	<u>43,686,679</u>
Total intangible assets	<u>44,922,509</u>

Other Non-Current Assets:

Interest in unconsolidated affiliates	1,936,139
Program related advances	878,126
Deposits	274,933
Annuity	252,000
Split interest agreement	<u>45,889</u>
Total other assets	<u>3,387,087</u>

Total assets	\$ <u>113,013,711</u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 15,905,985
Accrued payroll	1,582,918
Current portion of long-term debt	5,906,036
Current portion of obligations under practice acquisitions	<u>240,000</u>
Total current Liabilities	<u>23,634,939</u>

Long-Term Liabilities:

Long-term debt, net of current portion	57,063,722
Interest-rate swaps	1,658,038
Obligations under practice acquisition, net of current portion	255,000
Obligation under annuity	252,000
CAN Pharmacy capital funding	<u>280,008</u>
Total long-term liabilities	<u>59,508,768</u>

Total liabilities	<u>83,143,707</u>

Net assets:

Without restrictions	27,761,314
Non-Controlling	<u>2,108,690</u>
Total net assets	<u>29,870,004</u>
Total liabilities and net assets	\$ <u>113,013,711</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Activities
For the Year Ended June 30, 2019

Operating revenues, gains and other support:	
Pharmacy assistance program	\$ 147,054,734
Sales	138,352,501
Medical services, net	6,406,780
Federal awards	1,175,420
Research grants	190,002
Special events revenue, net	72,780
Other support	129,752
Contributions	92,848
Collaborative program services	308,182
Collaborative administration fees	120,000
Investment return, net	203,774
Loss on sale of asset	(82,472)
Change in split-interest agreement	(1,907)
Total revenues, gains and other support	<u>294,042,074</u>
Summary of operating expenses :	
Program services	273,102,589
General and administrative	13,802,420
Fundraising	649,831
Total	<u>287,454,840</u>
Operating revenues and gains in excess of operating expenses	6,587,234
Other items considered to be nonoperating and nonrecurring:	
Depreciation and amortization expense	1,240,525
Interest and related amortization expense	2,243,476
Loss on interest- rate swaps	1,658,038
Acquisition related costs	2,589,849
Total	<u>7,731,888</u>
Expenses in excess of revenues and gains	<u>(1,144,654)</u>
Equity in net loss from unconsolidated affiliates	<u>(61,353)</u>
Change in net assets	<u>(1,206,007)</u>
Less change in net assets attributable to non-controlling interests	<u>(724,106)</u>
Change in net assets	\$ <u>(1,930,113)</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Changes in Net Assets
For the Year Ended June 30, 2019

	<u>Controlling</u>	<u>Non-controlling</u>	<u>Total</u> <u>Net Assets</u>
Balance, July 1, 2018	\$ 29,691,427	-	29,691,427
Additions, at date of acquisition	-	1,384,584	1,384,584
Change in net assets	<u>(1,930,113)</u>	<u>724,106</u>	<u>(1,206,007)</u>
Balance June 30, 2019	<u>\$ 27,761,314</u>	<u>2,108,690</u>	<u>29,870,004</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2019

	Program Services				General and Administrative	Fundraising	Total
	Medical	Dental	Support Services	Education & Prevention	Total		
Pharmacy Expenses:							
Medications	\$ 215,540,870	-	-	-	215,540,870	-	215,540,870
Dispensing fees	3,457,232	-	-	-	3,457,232	-	3,457,232
Administrative fees	3,567,694	-	-	-	3,567,694	-	3,567,694
CAN Pharmacy admin fees	703,418	-	-	-	703,418	-	703,418
Medical supplies	114,615	-	-	-	114,615	-	114,615
Shipping fees	59,078	-	-	-	59,078	-	59,078
Total pharmacy expenses	222,340,829	-	-	-	222,412,907	-	222,412,907
Service Expenses:							
Clinical professional fees	7,258,230	78,368	470,208	-	7,806,806	-	7,806,806
Collaborative program fees	5,597,467	-	67,480	145,757	5,810,694	-	5,810,694
Client assistance	1,846,686	-	251,821	-	2,098,507	-	2,098,507
Uncompensated care	1,133,785	5,897	-	-	1,139,682	-	1,139,682
Clinical supplies	477,161	47,191	-	-	524,342	-	524,342
Medical equipment	83,229	8,231	-	-	91,460	-	91,460
Laboratory analysis	614,700	18,003	-	22,138	654,841	-	654,841
Total service expenses	16,841,247	158,091	809,489	167,905	18,074,732	-	18,074,732
Personnel Expenses:							
Salaries	14,220,073	748,425	1,456,550	1,995,800	18,451,148	5,236,875	23,687,993
Insurance	1,987,076	104,267	209,534	278,046	2,578,923	958,383	3,537,306
Pension	886,106	30,271	72,543	96,724	1,085,644	12,091	1,097,735
Payroll taxes	761,885	40,099	80,198	106,931	999,113	334,160	1,333,273
Other personnel	409,712	21,564	43,128	57,503	531,907	175,638	707,545
Total personnel expenses	18,061,910	950,627	1,901,254	2,535,005	22,448,785	7,921,391	30,370,176
Operation Expenses:							
Computer	894,481	55,249	110,488	147,337	1,307,555	18,416	1,441,032
Office travel and other	988,456	54,915	109,820	140,436	1,293,627	16,305	1,310,932
Publications and development	1,694	935	938	76,097	79,664	6,448	87,145
Advertising	685,315	68,632	45,868	102,797	902,612	11,422	914,034
Bank charges	-	-	-	-	-	946,141	946,141
Bud debt	-	-	-	-	-	1,270	1,270
Office supplies	235,665	13,062	28,105	34,913	308,655	4,384	313,039
Office equipment	121,775	6,785	13,531	18,047	160,140	63,143	223,283
Professional development	3,860	214	429	572	5,075	2,001	7,076
Printing and publications	10,437	-	-	2,769	13,206	822	14,027
Licenses and permits	85,704	3,163	-	1,583	90,450	8,708	99,158
Postage and delivery	266,757	-	-	46,208	312,965	140,829	453,794
Dues and subscriptions	54,883	-	-	4,227	59,110	149,877	208,987
Community support	-	-	412,576	351,455	764,031	-	764,031
Miscellaneous	83,724	4,937	9,303	12,404	109,368	43,413	152,781
Total operation expenses	3,523,762	207,524	722,878	846,563	5,400,727	2,802,254	8,202,981

(continued on next page)

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Functional Expenses - Continued
For the Year Ended June 30, 2019

	Program Services				General and Administrative	Fundraising	Total
	Medical	Dental	Support Services	Education & Prevention	Total		
Professional Fees:							
Contract services	405,422	-	-	-	405,422	8,165	816,528
Legal	-	-	-	-	-	-	1,540,928
Accounting	-	-	-	-	-	-	79,801
Total professional fees	405,422	-	-	-	405,422	8,165	2,437,357
Facilities Expenses:							
Repairs and maintenance	171,460	7,621	30,482	36,103	247,886	11,431	381,025
Property taxes	49,875	2,217	8,067	11,084	72,043	3,325	110,835
Utilities	378,779	16,035	87,039	84,173	547,126	25,252	841,732
Insurance	366,954	17,798	68,732	85,990	558,934	25,797	659,899
Lease	573,003	25,437	101,867	127,334	827,871	38,200	1,273,340
Storage	7,185	319	1,277	1,597	10,378	479	15,986
Total facilities expenses	1,557,266	63,657	278,624	348,281	2,283,818	104,464	3,402,737
Total operating expenses	\$ 203,930,436	1,383,398	3,718,348	3,957,844	273,102,589	549,831	287,454,840
Other items considered to be nonoperating and nonrecurring:							
Depreciation and amortization expense	358,574	22,411	89,843	112,054	582,682	37,216	1,240,525
Interest and related amortization expense	-	-	-	-	-	-	2,243,476
Acquisition related costs	-	-	-	-	-	-	2,506,840
Provision for income tax	-	-	-	-	-	-	-
Total other expenses	358,574	22,411	89,843	112,054	582,682	37,216	6,073,850
Total expenses	\$ 264,258,010	1,405,309	3,807,393	4,109,838	273,685,271	587,047	293,578,690

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Changes in net assets	\$ (1,930,113)
Adjustments to reconcile changes in net assets to cash flows from operating activities:	
Depreciation and amortization	1,327,036
Loss on swap agreement	1,658,038
Equity in loss in unconsolidated affiliates	61,353
Loss on sale of property and equipment	62,472
Non-controlling interest	724,106
(Increase) decrease in assets:	
Accounts receivable	(4,238,708)
Pharmacy receivables	7,784,245
Inventory	(418,407)
Grants receivable	(119,229)
Prepaid expenses	(313,694)
Prepaid income taxes	(711,000)
Deposits	(161,308)
Annuity	62,000
Split interest agreement	1,907
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	1,025,765
Accrued payroll	(801,142)
Annuity	(62,000)
CAN Pharmacy capital funding	(109,050)
Total adjustments	5,772,384
Net cash flows from operating activities	<u>3,842,271</u>
Cash flows from investing activities:	
Program related advances	(665,750)
Proceeds from sales of investments	4,210,651
Distributions from unconsolidated affiliates	470,285
Investment in unconsolidated affiliates	(565,854)
Acquisition of controlled affiliates, net of cash acquired	(3,352,748)
Proceeds from sale of assets	378,476
Purchases of property and equipment	(6,900,882)
Net cash flows from investing activities	<u>(6,425,822)</u>
Cash flows from financing activities:	
Proceeds from notes payable	10,775,465
Debt issuance costs	(378,028)
Repayment of notes payable	(4,259,818)
Net cash flows from financing activities	<u>6,137,639</u>
Net increase in cash and cash equivalents	3,554,088
Cash and cash equivalents - beginning of year	<u>4,116,642</u>
Cash and cash equivalents - end of year	<u>\$ 7,670,730</u>
Income taxes paid	\$ 711,000
Interest paid	<u>\$ 2,156,965</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements June 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

CAN Community Health, Inc. ("CAN"), formally known as Comprehensive Care Center, Inc. dba Community AIDS Network, is a not-for-profit corporation founded in 1991. The purpose of CAN is to provide a continuum of medical, social, and educational services essential to the health and well-being of those infected with HIV/AIDS, hepatitis C, sexually transmitted diseases and other diseases, and to enhance public awareness.

Headquartered in Sarasota, Florida, CAN operates and provides services in 30 facilities throughout the States of Florida (27), Virginia (1), and South Carolina (1), with future locations opening in FY2020 in the States of Florida (2), New Jersey (1), and Arizona (1).

In May 2018 CAN opened its first fully owned pharmacies located in Clearwater, Jacksonville and Fort Lauderdale. In addition to the three CAN owned pharmacies, it maintains a network of over 300 independent contract pharmacy locations.

In September 2016 CANTransport, LLC (a Florida limited liability corporation) was formed to provide transportation services to the Organization. CAN Community Health, Inc. is the sole member of the LLC, accordingly the accounts of CANTransport, LLC are included in these financial statements.

In October 2018 CAN acquired eighty percent interest in JTJ Medical Supply, Inc. ("JTJ") and eighty percent interest in Tampa Family Pharmacies, Inc. ("TFP"). The accounts of both companies are included in these financial statements. JTJ and TFP are taxed as C Corporations.

CAN is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. CANTransport, LLC as a single member LLC includes its activity in the Organization's tax filings.

Principles of Consolidation

The consolidated financial statements include the accounts of CAN Community Health, Inc., CANTransport, LLC, JTJ Medical Supply, Inc. and Tampa Family Pharmacy, Inc. (collectively, the "Organization"). All significant transactions between the three affiliates have been eliminated in the consolidation.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations* (FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*). Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. A description of the net asset categories follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

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

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Services

The Organization recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give include split-interest amounts (contributions shared by the Organization and other beneficiaries, which may include the donor) and are recorded at present value based on the estimated lives of the donors. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates in which the Organization has a 20% to 50% interest are carried at cost, adjusted for the company's proportionate share of their undistributed earnings or losses.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Interest-Rate Swap

An interest-rate swap is used to mitigate interest-rate risk on the outstanding loan balances. The related liability or asset is reported at fair value in the statements of financial position, and unrealized gains and losses are included in the statements of activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Inventory

Inventory consists of pharmaceuticals. The organization values inventory at the lower of cost or market net realizable value on the first-in first-out basis.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. The Organization capitalizes purchases over \$5,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Intangible Assets

Intangible assets consist of goodwill, the value of purchased medical practices and other intangibles that have future benefit to the Organization. Goodwill is assigned to specific reporting units and is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. Medical practices and other intangible assets are amortized over the period of time for which the Organization benefits, up to ten years.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Program Related Advances

The Organization advances funds to other not for profit organizations to achieve charitable purposes in alignment with the Organization's mission. These advances may contain components of a contribution as well as a loan. Each advance is evaluated by management at the time the advance is made to determine an allocation of the advance between a contribution and a loan. Any portion that is deemed to be a contribution is further revaluated as to whether it is an unconditional or a conditional promise to give. Unconditional promises to give are recognized as contributions at that time the promise to give is made. Conditional promises to give are recognized contributions at the time substantially all conditions are met. In addition, some loans may be forgiven upon the occurrence of a future event. The Organization's programmatic loans normally bear zero or a below market interest rate. Programmatic loans are measured at fair value at inception and are initially recorded on a net basis to reflect a discount on loan receivable. The loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed, based on the Organization's understanding of the borrower's financial health and/or payment history. At

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

June 30, 2019 management did not record an allowance for program related investments, as all balances are deemed collectible.

Debt Issuance Costs

Debt issuance costs are presented as a direct reduction of the related debt liability and are amortized over the term of the related debt on a straight-line basis which is not materially different than the interest method. Amortization is included with interest expense.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Uninsured Cash Balances:

The Organization maintains its cash balances at various financial institutions. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per customer as of June 30, 2019. At times, cash balances may be in excess of these limits. Management reviews the bank ratings and considers the risk to be minimal.

Note 3 – Property and Equipment:

Property and equipment consist of the following:

<u>Property and equipment in service</u>		Estimated Useful Lives
Buildings	\$ 6,454,390	30
Leasehold improvements	3,224,946	15
Land	3,899,532	-
Furniture	462,126	5-7
Office equipment	203,526	3-5
Pharmacy equipment	217,114	3-5
Information systems equipment	409,467	5-7
Medical equipment	540,476	5-15
Vehicle	57,943	5
Transportation equipment	3,701,166	15
Total in service	19,170,686	
Less – accumulated depreciation	(3,041,025)	
Net property and equipment in service	16,129,660	
 <u>Property and equipment not in service</u>		
Building	6,783,572	
Vehicles	334,218	
Construction in process	8,781,778	
Total property and equipment not in service	15,899,568	
Total property and equipment, net	\$ 32,029,228	

Depreciation expense for the year ended June 30, 2019 was \$1,038,550.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 4 – Medical Practices Acquired:

The Organization has purchased three physician's practices. The purchase price for each acquisition has been determined by the fixed dollar amount that is agreed upon plus, as applicable, an estimate of any additional future consideration based on earnings payouts. The purchase price has been allocated to tangible and intangible assets and liabilities. The most significant intangible asset acquired has been patient lists. Amortization is provided on a straight-line basis over the estimated life of the patient relationship, generally five years. Amortization expense for the year ended June 30, 2019 was \$201,975.

Medical practices acquired consist of the following:

Patient lists	\$ 1,009,875
Accumulated amortization	<u>(432,407)</u>
Medical practices acquired, net	<u>\$ 577,468</u>

Future amortization expense for the next five years for medical practices and other intangibles is as follows for each of the June 30 years ending:

2020	\$ 201,975
2021	184,743
2022	111,250
2023	82,500

Obligations under practice acquisitions consist of two seller notes payable. The terms of the first seller note payable calls for 36 monthly payments of \$7,500 plus 15% of net income for the length of the loan that matures on October 1, 2019. The terms of the second seller note payable calls for 3 annual payments of \$150,000 and matures on July 1, 2020. Future maturities of these seller notes are as follows for each of the June 30 years ending:

2020	\$ 240,000
2021	240,000
2022	15,000

Note 5 – Pension Plan:

The Organization provides a pension plan for its employees pursuant to Section 403(b) of the Internal Revenue Code. After an employee completes ninety days of service, the Organization matches the employee's elective deferrals up to 5% of compensation. The Organization also contributed 4% to eligible employees. It has since suspended this discretionary contribution. Management will evaluate the Organization's ability fund this contribution at a later date. Pension expense was \$1,209,060 for year ended June 30, 2019.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 6 – Income Taxes:

Income from JTJ and TFP is subject to income tax. However, due to net operating losses incurred and loss carryforwards, there is no current year tax provision. Since the majority of the Organization's income is derived from the operations of CAN, and therefore not taxable, the consolidated change in net assets bears no relationship to taxable income.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements as of June 30, 2019. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Note 7 - Program Related Advances:

The Organization advances funds to other not for profit organizations to achieve charitable purposes in alignment with the Organization's mission. Program related advances as of June 30, 2019 total \$878,126.

Note 8 – Pharmacy Assistance Program:

The Organization was approved in 2011 to contract with new pharmacies and satellite providers. The Organization implemented its "Pharmacy Assistance Program" in order to generate additional revenue for the general program services for the Organization. The Program constitutes the 340B Drug Discount Program which is administered by the Office of Pharmacy Affairs (OPA) within the Health Resources and Services Administration (HRSA) and funding is generated from the drug discount received from the pharmaceutical manufacturers.

The Organization's Pharmacy Assistance Program revenue for the year ended June 30, 2019 was \$147,054,734. Pharmacy Assistance Program receivable as of June 30, 2019 was \$5,034,707. Management considers this to be fully collectible.

As of June 30, 2019, the Organization owns and operates medical clinics in Sarasota and North Port, Daytona, St. Petersburg, Ybor City, Clearwater, New Port Richey, Orlando, Jacksonville, Ft Lauderdale, Miami, and Virginia. The Organization's medical clinics treat all patients who have a sexually transmitted disease (STD), including HIV and hepatitis C, regardless of the ability to pay. The Organization also treats hepatitis C for mono-infected patients.

The Organization has collaborative partnerships with various non-profit service organizations to own and operate medical clinics and related services and programs. The Organization has Interagency Partnership Agreements with various strategic and established non-profit organizations outlining program services in the South Florida, North Florida, Columbus (Georgia), Norfolk (Virginia), and Columbia (South Carolina) regions.

In addition to owned clinics and strategic partnerships, the Organization collaborates under Professional Service Agreements with HIV & STD clinics which are physician owned and are located in Sarasota, St. Petersburg, Tampa, Brandon, Avon Park, Winter Park, Jacksonville, Miami, Fort Lauderdale, Bradenton, and Delray Beach.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2019

Note 9 – Obligation Under Annuity:

In June 2015, the Organization purchased an annuity totaling \$380,000 to fund a retirement obligation to a former employee. Payments under the obligation began in July 2015 and expire in June 2025. Payments made for the year ended June 30, 2019 were \$62,000 resulting in a balance in the annuity of \$252,000. The obligation under annuity as of June 30, 2019 is \$252,000.

Note 10 – Fair Value Measurements:

Certain assets and liabilities of the Organization are presented at fair value. The FASB Accounting Standards Codification provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumption market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2019 and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities

Level 2 – inputs other than quoted prices included in level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the organization's assumptions based on the best information available in the circumstance.

Description	June 30, 2019	Financial Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using Quoted Prices		
		in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial liabilities at fair value on a recurring basis at June 30, 2019:				
Interest-rate swap	\$ 1,658,038		1,658,038	

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 11 – Interest in Unconsolidated Affiliates:

In May 2018 the Organization acquired a thirty-five percent interest in Sarasota-Bradenton Aviation, Inc. ("SB Aviation") for \$420,000. SB Aviation (a sub S corporation) owns and operates a hangar facility in Sarasota, Florida. Because of this investment, the Organization is able to utilize hangar space at this facility. The Organization is carrying its interest in SB Aviation on the equity method.

In March 2016 the Organization collaborated with Metro Inclusive Health, Inc. (a Florida not for profit organization) ("Metro") to form MetroCAN, LLC. ("MetroCAN"). MetroCAN is a Florida limited liability company and was formed to purchase, improve and lease certain real property in St. Petersburg, Florida. The Organization and Metro each have a fifty percent interest in MetroCAN. The Organization is carrying its interest in MetroCAN on the equity method.

In April 2016 MetroCAN purchased land and a 47,236 square foot medical office building in St. Petersburg, Florida for approximately \$3,000,000. It obtained a loan to provide funds \$2,550,000 towards the purchase price, and \$2,550,000 to be applied to construction costs for a total loan amount of \$5,100,000. The loan was amended in March 2017 to include additional construction funding of \$2,103,000 for a total loan amount of \$7,203,000. The ability to draw on the construction loan expired in January 2019. Payment was due in full in January 2019, however certain conditions were met so that the loan can be paid in installments through April 2026. The loan is collateralized with a mortgage on the property. The Organization and Metropolitan are both joint and several guarantors on the debt. The debt contains certain financial covenants, management of MetroCAN and the Organization believe those covenants are being met.

The Organization's initial and subsequent investment affiliates through June 30, 2019 were as follows:

	<u>MetroCAN</u>	<u>SB Aviation</u>	<u>Total</u>
Beginning balance, interest in affiliates	\$ 1,479,307	422,616	1,901,923
Capital contributions	565,855	-	565,854
Distributions	(470,285)	-	(470,285)
Earnings or (loss) in affiliates	<u>(60,362)</u>	<u>(991)</u>	<u>(61,353)</u>
Ending balance, interest in affiliates	\$ <u>1,514,515</u>	<u>421,625</u>	<u>1,936,139</u>

Summarized financial information of unconsolidated affiliates as of June 30, 2019 is as follows:

	<u>MetroCAN</u>	<u>SB Aviation</u>
Cash	\$ 295,791	31,494
Building, property and equipment	11,104,230	581,090
Other assets	287,905	21,334
Total assets	\$ <u>11,687,926</u>	<u>633,918</u>
Mortgage loan	\$ 8,313,296	-
Other liabilities	345,601	52,324
Members' equity	3,029,029	581,594
Total liabilities and members' equity	\$ <u>11,687,926</u>	<u>633,918</u>

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 11 – Interest in Unconsolidated Affiliates – Continued:

	<u>MetroCAN</u>	<u>SB Aviation</u>
Revenues	\$ 478,267	122,284
Expenses	(598,990)	(125,115)
Net Income	\$ <u>(120,724)</u>	<u>(2,831)</u>

Note 12 – Goodwill:

In October 2018 the Organization acquired eighty percent interest in both JTJ Medical Supply, Inc. and Tampa Family Pharmacies, Inc. Goodwill arose from the transaction and is assigned to these reporting units. The following table summarizes the consideration paid for the acquired entities and the amounts of assets acquired and liabilities assumed and recognized at the acquisition date.

	<u>JTJ</u>	<u>TFP</u>	
Purchase price	\$ <u>37,168,435</u>	<u>12,056,583</u>	
Cash	1,984,270	2,569,986	
Receivables	5,215,675	6,244,593	
Inventory	262,044	1,768,462	
Property and equipment	797,892	-	
Deposits	5,150	-	
Payables	(5,861,213)	(5,573,370)	
Long-term debt	<u>(490,567)</u>	<u>-</u>	
Net assets	<u>1,913,251</u>	<u>5,009,671</u>	
Percent acquired	<u>1,530,601</u>	<u>4,007,738</u>	
Goodwill	\$ <u><u>35,637,834</u></u>	<u><u>8,048,845</u></u>	<u><u>43,686,679</u></u>

Note 13 – Commitments:

The Organization has a number of operating leases for real estate and equipment with terms ranging from one to ten years. Current monthly payments are approximately \$103,930.

The future minimum lease payments for the next five years under these leases are estimated to be:

2020	\$1,177,855
2021	877,818
2022	672,575
2023	593,613
2024	297,788

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2019

Note 14 – Long-term debt:

Notes payable consist of the following:

Acquisition NRLOC Loan payable to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for fifty-seven monthly payments in the amount of \$335,000 plus accrued interest commencing with the payment date occurring on January 5, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). An interest Swap agreement has been entered into to cover the interest on \$25 million of debt, which fixes the floating LIBOR to fixed LIBOR at approximately 3.21%. Collateral includes certain assets and accounts as described in a related security agreement.

\$ 38,110,000

Sarasota Facility NRLOC Loan to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for seventy-seven monthly payments in the amount of \$22,833 plus accrued interest commencing with the payment date occurring on November 5, 2018. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). An interest Swap agreement has been entered into to cover the interest on the initial of \$3,960,000 million of debt effective from initial draw credit date, and on the second draw of \$1,520,000 which floats until April 2019. The swap covering both draws will fix the LIBOR rate at approximately 3.21%. Collateral includes certain assets and accounts as described in a related security agreement.

5,411,358

Aircraft Term Loan payable to bank, to purchase transportation equipment. Terms of the loan call for forty-eight monthly payments of principal and interest in the amount of \$28,575 commencing with the payment date occurring on November 5, 2018. Interest is fixed at 4.5%. Collateral includes certain assets and accounts as described in a related security agreement.

2,138,935

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 14 – Long-term debt - Continued:

Revolving Credit Facility to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of interest only commencing with the payment date occurring on November 5, 2018. The interest structure is a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.

7,241,701

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for sixty monthly payments of principal and interest in the amount of \$12,376 commencing with the payment date occurring on November 19, 2018. Interest is fixed at 4%. Collateral includes certain assets and accounts as described in a related security agreement.

1,997,249

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for twenty-four monthly payments of principal and interest in the amount of \$40,216 commencing with the payment date occurring on November 19, 2018. Interest is fixed at 4%. Collateral includes certain assets and accounts as described in a related security agreement.

625,592

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for thirty-six monthly payments of principal and interest in the amount of \$33,964 commencing with the payment date occurring on November 9, 2018. Interest is fixed at 5%. Collateral includes certain assets and accounts as described in a related security agreement.

2,208,605

Seller note payable to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for thirty-six monthly payments of principal and interest in the amount of \$33,964 commencing with the payment date occurring on November 9, 2018. Interest is fixed at 5%. Collateral includes certain assets and accounts as described in a related security agreement.

2,208,605

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2019

Note 14 – Long-term debt - Continued:

Mortgage note payable to purchase real estate. Terms call for monthly payments beginning December 2018 of \$15,337 plus interest through 2031. Interest rate is initially 5.05% with provisions for adjustments in the 5 th and tenth years to the U.S. Treasury Security Treasury Bill Index plus 2.60%. Collateral is first mortgage on property acquired.	2,208,462
Mortgage note payable to purchase real estate. Terms call for monthly payments beginning June 2018 of \$2,473 plus interest through 2025. Interest rate is variable. Collateral includes certain assets and accounts as described in a related security agreement.	736,000
Mortgage note to purchase real estate. Terms call for monthly payments of \$3,599 beginning April 15, 2019. Interest rate of 5.625% for 60 months. Loan amortized over 20 years. Collateral is first mortgage on property acquired.	510,340
CAPEX Loan Facility, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of accrued interest plus one-thirty-sixth of the outstanding principal balance commencing with the payment date occurring on November 5, 2018. The interest structure is a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.	-
Equipment note payable to purchase equipment.	<u>140,351</u>
Total notes payable	\$ 63,537,198
Less – Debt issuance costs	<u>(567,440)</u>
Total notes payable, net	62,969,758
Less – Current portion of long-term debt	<u>(5,906,036)</u>
Total long-term debt	<u>\$ 57,063,722</u>

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 14 – Long-term debt - Continued:

Future maturities of long-term debt for the years ending June 30,

<u>Year</u>	
2020	\$ 5,906,036
2021	13,049,809
2022	8,053,608
2023	10,270,750
2024	24,398,326
Thereafter	1,858,669
Total	\$ 63,537,198

To hedge against interest rate risk, the Organization entered into interest rate swaps (the Swaps) with a major U.S. bank as the counterparty. The Swaps mature in October 2025. The notional values and applicable interest rates as of June 30, 2019 are as follows:

<u>Current Notional</u>	<u>Counterparty Pays</u>	<u>Counterparty Receives</u>	<u>Maturity Date</u>
\$ 5,411,501	3.38%	1M Libor	October 9, 2025
23,110,000	2.3%	1M Libor	October 9, 2019
21,770,000	3.73%	1M Libor	October 10, 2023

The fair value of the liabilities under the Swaps as of June 30, 2019 was \$1,658,038, which has been reflected in the accompanying consolidated financial statements.

Interest expense incurred under these debt agreements totaled \$2,243,476 for the year ended June 30, 2019.

The Organization is subject to various loan covenants. As of June 30, 2019, the Organization was not in compliance with a leverage ratio covenant contained in the loan agreement. The balance of the debt that is subject to this covenant at June 30, 2019 is \$53,637,994. As a result of the noncompliance, the lender has the right to accelerate the payment of the loans and demand immediate payment which would require the related debt to be classified as a current obligation. However, in December 2019 the Organization refinanced all of the debt that was subject to that covenant with a different lender. The amount of the debt that was refinanced was approximately \$54 million and was replaced with credit facilities totaling up to approximately \$77 million. Terms of the new loan agreement contain covenants that management believes the Organization complies with as of the December 31, 2019 reporting period and believes it will continue to be in compliance. Accordingly, the long-term portion of the debt subject to the existing covenant as of June 30, 2019 has not been reclassified as current.

Note 15 – Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing healthcare and case management services to our patients as well as the conduct of services undertaken to support those activities to be general expenditures.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2019

Note 15 – Liquidity and Availability - Continued:

At June 30, 2019, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could be readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end

Cash and cash equivalents	\$ 7,670,730
Accounts receivable, net	15,895,777
Pharmacy program receivables	5,034,709
Grants receivable	<u>303,304</u>
Total financial assets at year-end	<u>\$ 28,904,520</u>

The Organization also has lines of credit available to meet short term needs. See Note 14 for information about these relationships.

Note 16 – Third Party Administrator:

The Organization is contracted with RX Strategies, a third-party administrator, to oversee 340B transactions between the contracted pharmacies and the covered entity. The relationship between RX Strategies and the Organization is treated as an agency relationship. The balance sheet accounts are recorded on a net basis. Current year activity has been recorded as follows:

340B Gross Revenue Managed by RX Strategies, net of fees	\$ 101,299,876
Administration Fee paid to RX Strategies	(726,186)
Pharmaceutical Drug Costs	(62,710,712)
Amounts paid to CAN	<u>(32,828,271)</u>
Net Amount Due to CAN as of June 30, 2019	<u>\$ 5,034,707</u>

Note 17 – Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Note 18 – Subsequent Events:

Subsequent events have been evaluated through March 10, 2020, which is the date the financial statements were available to be issued.

In January 2020 the Organization sold land and buildings with a book value of approximately \$3.9 million for \$3.7 million to provide short-term cash flow.

CAN Community Health, Inc.

Consolidating Statement of Financial Position
June 30, 2019

ASSETS

	CAN Community Health, Inc.	JTJ Medical Supply, LLC	Tampa Family Pharmacy, LLC	Elimination	Total
Current Assets:					
Cash and cash equivalents	\$ 1,601,355	4,093,245	1,976,130	-	7,670,730
Accounts receivable, net	1,600,405	6,950,861	7,344,511	-	15,895,777
Pharmacy program receivables	6,778,054	-	-	(1,743,347)	5,034,707
Grants receivable	303,304	-	-	-	303,304
Inventory	389,503	791,013	1,352,485	-	2,533,001
Prepaid income taxes	-	711,000	-	-	711,000
Prepaid expenses	526,368	-	-	-	526,368
Total current assets	11,198,989	12,546,119	10,673,126	(1,743,347)	32,674,887
 Property and Equipment, net	 31,361,293	 667,935	 -	 -	 32,029,228
Intangible Assets:					
Medical practices acquired, net	577,468	-	-	-	577,468
Other	658,362	-	-	-	658,362
Goodwill	-	-	-	43,686,679	43,686,679
Total intangible assets	1,235,830	-	-	43,686,679	44,922,509
 Other Non-Current Assets:					
Interest in consolidated affiliates	52,121,443	-	-	(52,121,443)	-
Interest in unconsolidated affiliates	1,936,139	-	-	-	1,936,139
Program related advances	878,126	-	-	-	878,126
Due from affiliates	160,553	(1,000)	-	(159,553)	-
Deposits	269,783	5,150	-	-	274,933
Annuity	252,000	-	-	-	252,000
Split interest agreement	45,889	-	-	-	45,889
Total other assets	55,663,933	4,150	-	(52,280,996)	3,387,087
 Total assets	 \$ 99,460,045	 13,218,204	 10,673,126	 (10,337,664)	 113,013,711

LIABILITIES AND NET ASSETS

Current Liabilities:					
Accounts payable	\$ 4,675,082	6,397,844	6,576,406	(1,743,347)	15,905,985
Accrued payroll	1,509,196	-	73,722	-	1,582,918
Current portion of long-term debt	5,906,036	-	-	-	5,906,036
Current portion of obligations under practice acquisitions	240,000	-	-	-	240,000
Due to affiliates	-	-	159,553	(159,553)	-
Total current Liabilities	12,330,314	6,397,844	6,809,681	(1,902,900)	23,634,939
 Long-Term Liabilities:					
Long-term debt, net of current portion	56,923,371	140,351	-	-	57,063,722
Interest-rate swaps	1,658,038	-	-	-	1,658,038
Obligations under practice acquisitions, net of current portion	255,000	-	-	-	255,000
Obligation under annuity	252,000	-	-	-	252,000
CAN Pharmacy capital funding	280,008	-	-	-	280,008
Total long-term liabilities	59,368,417	140,351	-	-	59,508,768
 Total liabilities	 71,698,731	 6,538,195	 6,809,681	 (1,902,900)	 83,143,707
 Net assets:					
Without restrictions	27,761,314	6,680,009	3,863,445	(10,543,454)	27,761,314
Non-Controlling	-	-	-	2,108,690	2,108,690
Total net assets	27,761,314	6,680,009	3,863,445	(8,434,764)	29,870,004
Total liabilities and net assets	\$ 99,460,045	13,218,204	10,673,126	(10,337,664)	113,013,711

CAN Community Health, Inc.

Consolidating Statement of Activities
For the Year Ended June 30, 2019

	CAN Community Health	JTI Medical Supply	Tampa Family Pharmacy	Elimination	Total
Operating revenues, gains and other support:					
Pharmacy assistance program	\$ 147,054,734	-	-	-	147,054,734
Salus	2,035,150	80,350,449	64,323,303	(8,395,411)	138,352,501
Medical services, net	3,406,780	-	-	-	3,406,780
Federal awards	1,175,120	-	-	-	1,175,120
Research grants	190,002	-	-	-	190,002
Special events revenue, net	72,760	-	-	-	72,760
Other support	20,359	-	109,393	-	129,752
Contributions	92,848	-	-	-	92,848
Collaborative program services	308,152	-	-	-	308,152
Collaborative administration fees	120,000	-	-	-	120,000
Investment return, net	203,774	-	-	-	203,774
Loss on sale of asset	(62,472)	-	-	-	(62,472)
Charge in split-interest agreement	(1,907)	-	-	-	(1,907)
Total revenues, gains and other support	<u>157,645,340</u>	<u>80,350,449</u>	<u>64,432,696</u>	<u>(8,395,411)</u>	<u>294,042,074</u>
Summary of operating expenses :					
Pharmacy	98,313,594	70,824,498	62,801,226	(8,395,411)	223,442,907
Service	18,071,732	-	-	-	18,071,732
Personnel	26,697,834	2,853,089	2,056,539	-	31,607,562
Administrative	6,786,811	799,136	743,538	-	8,329,485
Professional fees	2,294,556	125,863	47,138	-	2,467,557
Facilities	2,705,530	650,446	126,521	-	3,482,797
Total	<u>154,812,857</u>	<u>75,452,832</u>	<u>65,575,562</u>	<u>(8,395,411)</u>	<u>287,454,840</u>
Operating revenues and gains in excess of operating expenses	<u>2,832,483</u>	<u>4,897,617</u>	<u>(1,142,866)</u>	<u>-</u>	<u>6,587,234</u>
Other items considered to be nonoperating and nonrecurring:					
Depreciation and amortization expense	1,107,200	129,059	3,360	-	1,240,525
Interest and related amortization expense	2,242,573	903	-	-	2,243,476
Loss on interest-rate swaps	1,658,038	-	-	-	1,658,038
Acquisition related costs	2,589,849	-	-	-	2,589,849
Total	<u>7,597,660</u>	<u>130,859</u>	<u>3,360</u>	<u>-</u>	<u>7,731,879</u>
Expenses in excess of revenues and gains	<u>(4,765,160)</u>	<u>4,766,758</u>	<u>(1,146,226)</u>	<u>-</u>	<u>(1,144,628)</u>
Equity in net earnings from consolidated affiliates	2,896,425	-	-	(2,896,425)	-
Equity in net loss from unconsolidated affiliates	(81,353)	-	-	-	(81,353)
Change in net assets	<u>(1,930,114)</u>	<u>4,766,758</u>	<u>(1,146,226)</u>	<u>(2,896,425)</u>	<u>(1,206,007)</u>
Less charge in net assets attributable to non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(724,108)</u>
Change in net assets	<u>\$ (1,930,114)</u>	<u>4,766,758</u>	<u>(1,146,226)</u>	<u>(2,896,425)</u>	<u>(1,930,113)</u>

CAN Community Health, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

FEDERAL AWARDS:	Federal CFDA Number	Contract Grant Number	Expenditures	Transfers to Subrecipients
U.S. Department of Health and Human Services Passed through the State of Florida Department of Health				
Health Resources and Services Administration (HRSA) Ryan White HIV/AIDS Program - Part A (3/1/19 - 2/29/20)	93.917	10423	\$ 454,900	-
Ryan White HIV/AIDS Program - Part B (4/1/19 - 3/31/20)	93.917	DSC12	461,396	-
Ryan White HIV/AIDS Program - Part B (7/1/19 - 6/30/20)	93.917	PR 10447139-V4	8,616	-
CDC HOPWA (Housing Opportunities to Persons with AIDS)	93.917	CODME	42,000	-
HUD HIP (High Impact HIV Prevention)	93.917	CODPE	179,432	-
Total U.S. Department of Health and Human Services			<u>1,144,344</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,144,344</u>	<u>-</u>

See notes to Schedule of Expenditures of Federal Awards

CAN Community Health, Inc.

Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

Note 1 – Basis of Presentation:

The accompanying schedule of Expenditures of Federal Awards includes the federal activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with GAAP as applicable to non-profit organizations, and the requirements of the Uniform Guidance.

Note 2 – Indirect Cost Rate:

The Agency does not use the 10% de minimis indirect cost rate.

Note 3 – Contingency:

Expenditures as incurred by the Organization are subject to audit and possible disallowances by state agencies. The Organization would be responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by subrecipients if they were not able to repay the amounts disallowed. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
CAN Community Health, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CAN Community Health, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CAN Community Health, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAN Community Health, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAN Community Health, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, reading "Cavanaugh & Co LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
March 10, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
CAN Community Health, Inc.

Report on Compliance for Each Major Federal Program

We have audited CAN Community Health, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CAN Community Health, Inc.'s major federal programs for the year ended June 30, 2019. CAN Community Health, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CAN Community Health, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, the Uniform Guidance and Chapter 10.850 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state financial assistance. However, our audit does not provide a legal determination of CAN Community Health, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, CAN Community Health, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of CAN Community Health, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CAN Community Health, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on

each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CAN Community Health, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chauhan + Co LLP

Sarasota, Florida
March 10, 2020

CAN Community Health, Inc.

**Schedule of Findings and Questioned Costs -
Federal Awards
Year Ended June 30, 2019**

I. Summary of Auditor's Results

Financial Statements

1. We have audited the financial statements of CAN Community Health, Inc. as of and for the year ended June 30, 2019 and issued an unmodified opinion.
2. Internal Control over Financial Reporting:
 - A. Material weaknesses identified? No
 - B. Significant deficiencies identified not considered to be a material weakness? No
3. Noncompliance material to the financial statements noted? No

Federal Awards

4. Internal Control over Major Programs
 - A. Material weaknesses identified? No
 - B. Significant deficiencies identified not considered to be a material weakness? No
5. The auditor's report on compliance with requirements applicable to the major federal programs expresses an unmodified opinion.
6. Our audit disclosed no findings required to be reported related to federal programs under section 200.516 Audit findings, paragraph (a).
7. The programs/projects tested as major programs/projects included the following:

<u>Federal Program or Cluster</u>	<u>CFDA Number</u>
Department of Health and Human Services	
Ryan White HIV/AIDS Program - Part A (3/1/19 -2/29/20)	93.917
Ryan White HIV/AIDS Program - Part B (4/1/19 - 3/31/20)	93.917
HOPWA (Housing Opportunities to Persons with AIDS)	93.917
HIP (High Impact HIV Prevention)	93.917

8. The threshold used for distinguishing Type A and Type B programs was \$750,000 for major Federal programs.
9. CAN Community Health, Inc. does not qualify as a low-risk auditee under the provisions of Section 200.520, Uniform Guidance.

II. Findings Related To The Financial Statements Required to be Reported. None

III. Findings and Questioned Costs for Major Federal Programs and Major State Projects. None

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CAN Community Health, Inc.

**Consolidated
Financial Statements**

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CAN Community Health, Inc. and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of CAN Community Health, Inc., which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CAN Community Health, Inc. and its subsidiary as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Sarasota, Florida
October 25, 2018

Cavanaugh & Co LLP

CAN Community Health, Inc.

Consolidated Statement of Financial Position

June 30, 2018

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 4,116,642	-	4,116,642
Investments, at fair value	4,210,651	-	4,210,651
Pharmacy program receivables	12,818,952	-	12,818,952
Program related advances	870,738	-	870,738
Other accounts receivable, net	196,801	-	196,801
Grants receivable	184,075	-	184,075
Prepaid expenses	212,674	-	212,674
Inventory	84,088	-	84,088
Annuity	314,000	-	314,000
Interest in unconsolidated affiliates	1,901,923	-	1,901,923
Split interest agreement	-	47,796	47,796
Practice acquisitions, net	779,443	-	779,443
Property and equipment, net	20,661,254	-	20,661,254
Deposits	108,475	-	108,475
Total assets	<u>\$ 46,459,716</u>	<u>47,796</u>	<u>46,507,512</u>

LIABILITIES AND NET ASSETS

Liabilities:			
Accounts payable	\$ 3,445,637	-	3,445,637
Accrued payroll	2,384,060	-	2,384,060
CAN Pharmacy accrued expenses	389,058	-	389,058
Obligation under practice acquisitions	585,000	-	585,000
Notes payable, net	9,698,330	-	9,698,330
Obligation under annuity	314,000	-	314,000
Total liabilities	<u>16,816,085</u>	<u>-</u>	<u>16,816,085</u>
Net assets:			
Unrestricted	29,643,631	-	29,643,631
Temporarily restricted	-	47,796	47,796
Total net assets	<u>29,643,631</u>	<u>47,796</u>	<u>29,691,427</u>
Total liabilities and net assets	<u>\$ 46,459,716</u>	<u>47,796</u>	<u>46,507,512</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Operating revenues, gains and other support:			
Pharmacy assistance program	\$ 120,924,759	-	120,924,759
Medical services, net	5,576,008	-	5,576,008
Federal awards	674,506	-	674,506
Research grants	108,381	-	108,381
Special events revenue, net	160,698	-	160,698
Other support	15,733	-	15,733
Contributions	56,452	-	56,452
Collaborative program services	410,231	-	410,231
Collaborative administration fees	111,987	-	111,987
Investment return, net	271,960	-	271,960
Change in split-interest agreement	-	1,907	1,907
Total revenues, gains and other support	<u>128,310,715</u>	<u>1,907</u>	<u>128,312,622</u>
Summary of operating expenses :			
Program services	110,985,971	-	110,985,971
General and administrative	7,660,380	-	7,660,380
Fundraising	596,419	-	596,419
Total	<u>119,242,769</u>	<u>-</u>	<u>119,242,769</u>
Operating revenues and gains in excess of operating expenses	9,067,946	1,907	9,069,853
Other items considered to be nonoperating and nonrecurring:			
Depreciation and amortization	486,837	-	486,837
Interest and related amortization	107,178	-	107,178
Acquisition related costs	72,387	-	72,387
Collaborative start-up costs	131,538	-	131,538
Information technology related costs	88,811	-	88,811
Total	<u>886,751</u>	<u>-</u>	<u>886,751</u>
Revenues and gains in excess of expenses	<u>8,181,195</u>	<u>1,907</u>	<u>8,183,102</u>
Equity in net loss from unconsolidated affiliates	<u>(22,984)</u>	<u>-</u>	<u>(22,984)</u>
Change in net assets	<u>8,158,211</u>	<u>1,907</u>	<u>8,160,118</u>
Net assets at beginning of year	<u>21,485,420</u>	<u>45,889</u>	<u>21,531,309</u>
Net assets at end of year	<u>\$ 29,643,631</u>	<u>47,796</u>	<u>29,691,427</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

**Consolidated Statement of Functional Expenses ,
For the Year Ended June 30, 2018**

	Program Services					General and	Fundraising	Total
	Medical	Dental	Support Services	Education & Prevention	Total	Administrative		
Service Expenses:								
Resale pharmaceuticals	\$ 77,290,998	-	-	-	77,290,998	-	-	77,290,998
Clinical professional fees	8,105,694	111,606	500,792	-	8,718,092	-	-	8,718,092
Collaborative program services	4,932,854	-	103,306	129,132	5,165,292	-	-	5,165,292
Client assistance	1,154,493	-	159,391	-	1,313,884	-	-	1,313,884
Uncompensated care	976,575	13,919	-	-	990,494	-	-	990,494
Clinical supplies	377,522	35,643	-	-	413,165	-	-	413,165
Laboratory analysis	447,122	15,348	-	17,302	479,772	-	-	479,772
Total service expenses	93,285,258	176,516	763,489	146,434	94,371,697	-	-	94,371,697
Personnel Expenses:								
Salaries	7,333,110	287,573	862,719	1,581,651	10,065,054	4,026,021	287,573	14,378,648
Insurance	759,650	29,790	89,371	163,846	1,042,656	417,063	29,790	1,489,509
Pension	497,280	19,501	58,503	107,256	682,541	273,016	19,501	975,058
Payroll taxes	451,368	17,701	53,102	97,354	619,525	247,810	17,701	885,035
Other personnel	176,350	6,916	20,747	38,036	242,050	96,820	6,916	345,785
Total personnel expenses	9,217,758	361,481	1,084,442	1,988,144	12,651,825	5,060,730	361,481	18,074,035
Operation Expenses:								
Computer	599,496	23,510	70,529	129,303	822,838	329,135	23,510	1,175,483
Clinic travel and other	548,791	1,574	10,082	120,481	680,928	247,189	5,742	933,859
Promotions and development	2,548	541	541	182,709	186,339	11,940	18,771	217,050
Advertising	-	-	-	-	-	196,406	-	196,406
Bank charges	-	-	-	-	-	52,355	-	52,355
Bad debt	-	-	-	-	-	3,026	-	3,026
Office supplies	112,774	4,423	13,268	24,324	154,788	61,915	4,423	221,125
Office equipment	71,952	2,822	8,465	15,519	98,757	39,503	2,822	141,082
Professional development	181,296	7,110	21,329	39,103	248,838	99,535	7,110	355,483
Printing and publications	16,195	-	-	2,658	18,853	60,714	799	80,366
Licenses and permits	19,117	851	-	476	20,444	2,653	-	23,097
Postage and delivery	17,590	-	-	2,816	20,406	9,118	3,364	32,888
Dues and subscriptions	21,098	-	-	1,299	22,397	58,653	1,679	82,729
Community support	-	-	287,309	202,820	490,129	-	111,870	601,999
Research	11,809	-	-	-	11,809	-	-	11,809
Miscellaneous	-	-	-	-	-	52,724	-	52,724
Total operation expenses	1,602,666	40,829	411,522	721,508	2,776,526	1,224,866	180,088	4,181,481
Professional Fees:								
Contract services	354,625	-	-	-	354,625	258,309	6,890	619,824
Legal	-	-	-	-	-	359,729	-	359,729
Accounting	-	-	-	-	-	37,353	-	37,353
Total professional fees	354,625	-	-	-	354,625	655,391	6,890	1,016,906

(continued on next page)

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Functional Expenses - Continued
For the Year Ended June 30, 2018

	Program Services					General and Administrative	Fundraising	Total
	Medical	Dental	Support Services	Education & Prevention	Total			
Facilities Expenses:								
Repairs and maintenance	\$ 117,885	7,368	29,471	36,839	191,563	165,776	11,052	368,390
Property taxes	4,412	276	1,103	1,379	7,169	6,204	414	13,787
Utilities	159,330	9,958	39,833	49,791	258,912	224,058	14,937	497,907
Insurance	61,402	3,838	15,350	19,188	99,778	86,346	5,756	191,880
Lease	161,743	10,109	40,436	50,545	262,833	227,452	15,163	505,448
Storage	6,796	425	1,699	2,124	11,044	9,557	637	21,238
Total facilities expenses	<u>511,568</u>	<u>31,973</u>	<u>127,892</u>	<u>159,865</u>	<u>831,298</u>	<u>719,393</u>	<u>47,960</u>	<u>1,598,650</u>
Total operating expenses	<u>\$ 104,971,875</u>	<u>610,799</u>	<u>2,387,345</u>	<u>3,015,951</u>	<u>110,985,971</u>	<u>7,660,380</u>	<u>596,419</u>	<u>119,242,769</u>
Other items considered to be nonoperating and nonrecurring:								
Depreciation and amortization	155,788	9,737	38,947	48,684	253,155	219,077	14,605	486,837
Interest and related amortization	-	-	-	-	-	107,178	-	107,178
Acquisition related costs	-	-	-	-	-	72,387	-	72,387
Collaborative start-up costs	-	-	-	-	-	131,538	-	131,538
Information technology related costs	<u>45,294</u>	<u>1,776</u>	<u>5,329</u>	<u>9,769</u>	<u>62,168</u>	<u>24,867</u>	<u>1,776</u>	<u>88,811</u>
Total other expenses	<u>201,081</u>	<u>11,513</u>	<u>44,276</u>	<u>58,453</u>	<u>315,323</u>	<u>555,047</u>	<u>16,381</u>	<u>886,751</u>
Total expenses 2018	<u>\$ 105,172,957</u>	<u>622,312</u>	<u>2,431,621</u>	<u>3,074,404</u>	<u>111,301,294</u>	<u>8,215,426</u>	<u>612,800</u>	<u>120,129,520</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Consolidated Statement of Cash Flows Year Ended June 30, 2018

Cash flows from operating activities:	
Changes in net assets	\$ 8,160,118
Adjustments to reconcile changes in net assets to cash flows from operating activities	
Realized and unrealized gains	(182,785)
Depreciation and amortization	486,837
Equity in net loss from unconsolidated affiliates	22,984
(Increase) decrease in assets:	
Pharmacy program receivables	(2,569,675)
Other accounts receivable	183,918
Grants receivable	(108,505)
Prepaid expenses	52,387
Inventory	(84,088)
Annuity	62,000
Split interest agreement	(1,907)
Deposits	256,782
Increase (decrease) in liabilities:	
Accounts payable	996,754
Accrued payroll	1,144,259
CAN Pharmacy accrued expenses	389,058
Deferred revenue	(6,500)
Obligation under annuity	(62,000)
Total adjustments	<u>579,519</u>
Net cash flows from operating activities	<u>8,739,637</u>
Cash flows from investing activities:	
Program related advances	(870,738)
Purchase of investments	(4,185,213)
Proceeds from sales of investments	2,160,823
Capital contributions in unconsolidated affiliate	(1,315,973)
Practice acquisition intangibles	(150,000)
Purchases of property and equipment	(9,680,883)
Net cash flows from investing activities	<u>(14,041,984)</u>
Cash flows from financing activities:	
Payments of obligation under practice purchase	(82,500)
Proceeds from notes payable	3,500,000
Payments for debt issuance costs	(256,362)
Repayment of notes payable	(450,768)
Net cash flows from financing activities	<u>2,710,370</u>
Net decrease in cash and cash equivalents	(2,591,977)
Cash and cash equivalents - beginning of year	<u>6,708,619</u>
Cash and cash equivalents - end of year	<u>\$ 4,116,642</u>
Property and equipment obtained with direct financing	<u>\$ 4,692,500</u>
Practice acquisition intangible assets acquired with debt	<u>\$ 300,000</u>
Interest paid	<u>\$ 97,159</u>

See accompanying notes to consolidated financial statements.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements

June 30, 2018

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

CAN Community Health, Inc. ("CAN"), formally known as Comprehensive Care Center, Inc. dba Community AIDS Network, is a not-for-profit corporation founded in 1991. The purpose of the Organization is to provide a continuum of medical, social, and educational services essential to the health and well-being of those infected with HIV/AIDS, hepatitis C, sexually transmitted diseases and other diseases, and to enhance public awareness.

In September 2016 CANTransport, LLC (a Florida limited liability corporation) was formed to provide transportation services to the Organization. CAN Community Health, Inc. is the sole member of the LLC, accordingly the accounts of CANTransport, LLC are included in these financial statements.

Headquartered in Sarasota, Florida, the Organization operates and provides services in 32 facilities throughout the States of Florida (28), Georgia (1), Virginia (2), and South Carolina (1).

In May 2018 the Organization opened its first fully owned pharmacies located in Clearwater, Jacksonville and Fort Lauderdale. In addition to the three Organization owned pharmacies, it maintains a network of over 300 independent contract pharmacy locations.

The Organization is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. CANTransport, LLC as a single member LLC includes its activity in the Organization's tax filings.

Principles of Consolidation

The consolidated financial statements include the accounts of CAN Community Health, Inc. and CANTransport, LLC (collectively, the "Organization"). All significant transactions between the two affiliates have been eliminated in the consolidation.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reports as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. There are no permanently restricted net assets as of June 30, 2018.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Donated Services

The Organization recognizes donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received with donor stipulations that limit the use of donated assets are treated as temporarily restricted net assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same fiscal year as when the donation is received are reported as unrestricted support.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of donation. The Organization capitalizes purchases over \$5,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2018

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Program Related Advances

The Organization advances funds to other not for profit organizations to achieve charitable purposes in alignment with the Organization's mission. These advances may contain components of a contribution as well as a loan. Each advance is evaluated by management at the time the advance is made to determine an allocation of the advance between a contribution and a loan. Any portion that is deemed to be a contribution is further revaluated as to whether it is an unconditional or a conditional promise to give. Unconditional promises to give are recognized as contributions at that time the promise to give is made. Conditional promises to give are recognized contributions at the time substantially all conditions are met. In addition, some loans may be forgiven upon the occurrence of a future event. The Organization's programmatic loans normally bear zero or a below market interest rate. Programmatic loans are measured at fair value at inception and are initially recorded on a net basis to reflect a discount on loan receivable. The loss reserve estimate is reviewed on an annual basis and adjusted if collectability risk has significantly changed, based on the Organization's understanding of the borrower's financial health and/or payment history. At June 30, 2018 management did not record an allowance for program related investments, as all balances are deemed collectible.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Uninsured Cash Balances:

The Organization maintains its cash balances at various financial institutions. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per customer as of June 30, 2018. At times, cash balances may be in excess of these limits. Management reviews the bank ratings and considers the risk to be minimal.

Note 3 – Investments:

The components of investments at June 30, 2018, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain (Loss)</u>
Cash	\$ 86,455	86,455	-
Equities	2,600,087	2,991,989	391,902
Other	1,170,560	1,132,207	(38,353)
Total	<u>\$ 3,857,102</u>	<u>4,210,651</u>	<u>353,549</u>

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 3 – Investments – Continued:

Investment income for the year ended June 30, 2018 is comprised of the following:

Interest and dividends	\$ 128,073
Realized and unrealized gains	182,785
Fees	<u>(38,898)</u>
Net return	<u>\$ 271,960</u>

Note 4 – Split Interest Agreement:

The Organization became a fifty percent beneficiary of an unconditional irrevocable charitable remainder unitrust on May 26, 1995. The assets of the trust will be distributed to the beneficiaries upon the donor's death. Until such time, the donor will receive a trust distribution in quarterly installments equal to 8% of the net fair market value of the assets of the trust valued as of the first day of each taxable year of the trust. (See note 7)

Note 5 – Property and Equipment:

Property and equipment consist of the following:

		Estimated Useful Lives
<u>Property and equipment in service</u>		
Buildings	\$ 5,678,228	30
Leasehold improvements	2,334,045	15
Land	3,637,169	-
Furniture	371,652	5-7
Office equipment	39,057	3-5
Information systems equipment	259,735	5-7
Medical equipment	217,880	5-15
Vehicle	485,963	5
Transportation equipment	<u>400,359</u>	15
Total in service	13,424,088	
Less – accumulated depreciation	<u>(1,842,341)</u>	
Net property and equipment in service	<u>11,581,747</u>	
<u>Property and equipment not in service</u>		
Building	4,916,084	
Transportation equipment	2,301,400	
Construction in process	<u>1,862,023</u>	
Total property and equipment not in service	<u>9,079,507</u>	
Total property and equipment, net	<u>\$ 20,661,254</u>	

Depreciation expense for the year ended June 30, 2018 was \$367,361.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2018

Note 6 – Practice Acquisitions:

The Organization has purchased three physician's practices. The purchase price for each acquisition has been determined by the fixed dollar amount that is agreed upon plus, as applicable, an estimate of any additional future consideration based on earnings payouts. The purchase price has been allocated to tangible and intangible assets and liabilities. The most significant intangible asset acquired has been patient lists. Amortization is provided on a straight-line basis over the estimated life of the patient relationship, generally five years. Amortization expense for the year ended June 30, 2018 was \$119,476.

Intangible assets consist of the following:

Patient lists	\$ 1,009,874
Accumulated amortization	<u>(230,431)</u>
Intangible assets, net	<u>\$ 779,443</u>

Future amortization expense for the next five years is as follows for each of the June 30 years ending:

2019	\$ 201,972
2020	201,972
2021	127,324
2022	90,000
2023	90,000

Note 7 – Temporarily Restricted Net Assets:

Temporarily restricted net assets are the result of time restrictions related to the split interest agreement of \$47,796.

Note 8 – Pension Plan:

The Organization provides a pension plan for its employees pursuant to Section 403(b) of the Internal Revenue Code. After an employee completes ninety days of service, the Organization contributes 4% and also matches the employee's elective deferrals up to 5% of compensation. Pension expense was \$975,058 for the year ended June 30, 2018.

Note 9 - Program Related Advances:

During the year ended June 30, 2018 the Organization advanced working capital program funds of \$870,738 to South Carolina HIV/AIDS Council ("SCHAC"), a South Carolina not for profit organization. At June 30, 2018 the Organization was developing a strategy with SCHAC to provide case management services in South Carolina. Presently the Organization is reconsidering its business relationship with SCHAC and may renegotiate terms of repayment for these advances.

Note 10 – Pharmacy Assistance Program:

The Organization was approved in 2011 to contract with new pharmacies and satellite providers. The Organization implemented its "Pharmacy Assistance Program" in order to generate additional revenue for the general program services for the Organization. The Program constitutes the 340B

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 10 – Pharmacy Assistance Program – Continued:

Drug Discount Program which is administered by the Office of Pharmacy Affairs (OPA) within the Health Resources and Services Administration (HRSA) and funding is generated from the drug discount received from the pharmaceutical manufacturers.

The Organization's Pharmacy Assistance Program revenue for the year ended June 30, 2018 was \$120,924,759. Pharmacy Assistance Program receivable as of June 30, 2018 was \$12,818,952. Management considers this to be fully collectible.

As of June 30, 2018, the Organization owns and operates medical clinics in Sarasota and North Port, Daytona, St. Petersburg, Ybor City, Clearwater, New Port Richey, Orlando, Jacksonville, Ft Lauderdale, and Miami. The Organization's medical clinics treat all patients who have a sexually transmitted disease (STD), including HIV and hepatitis C, regardless of the ability to pay. The Organization also treats hepatitis C for mono-infected patients.

The Organization has collaborative partnerships with various non-profit service organizations to own and operate medical clinics and related services and programs. During the current year, the Organization entered into Interagency Partnership Agreements with various strategic and established non-profit organizations outlining program services in the South Florida, North Florida, Columbus (Georgia), Norfolk (Virginia), and Columbia (South Carolina) regions.

In addition to owned clinics and strategic partnerships, the Organization collaborates under Professional Service Agreements with HIV & STD clinics which are physician owned and are located in Sarasota, St. Petersburg, Tampa, Brandon, Avon Park, Winter Park, Orlando, Jacksonville, Gainesville, Miami, Fort Lauderdale, and Delray Beach.

Note 11 – Income Taxes:

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended June 30, 2018. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Note 12 – Fair Value of Financial Assets:

Certain assets of the Organization are presented at fair value. The FASB Accounting Standards Codification provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumption market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2018, and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 12 – Fair Value of Financial Assets – Continued:

Level 2 – inputs other than quoted prices included in level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the organization's assumptions based on the best information available in the circumstance.

Financial assets at fair value on a recurring basis at June 30, 2018:

Description	June 30, 2018	Financial Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 2,991,989	2,991,989	-	-
Fixed income	1,132,207	1,132,207	-	-
Total financial assets at fair value	<u>\$ 4,124,196</u>	<u>4,124,196</u>	<u>-</u>	<u>-</u>

Assets at fair value on a non-recurring basis at June 30, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Split interest agreements	<u>\$ 47,796</u>	<u>-</u>	<u>-</u>	<u>47,796</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring and non-recurring basis using significant unobservable inputs (Level 3) during the period ended June 30, 2018:

	<u>Split Interest Agreements</u>
Balance - June 30, 2017	\$ 45,889
Change in value of split interest agreements	<u>1,907</u>
Balance - June 30, 2018	<u>\$ 47,796</u>

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2018

Note 13 – Interest in Unconsolidated Affiliates:

In March 2016 the Organization collaborated with Metropolitan Charities, Inc. (a Florida not for profit organization) (“Metropolitan”) to form MetroCAN, LLC. (“MetroCAN”). MetroCAN is a Florida limited liability company and was formed to purchase, improve and lease certain real property in St. Petersburg, Florida. The Organization and Metropolitan each have a fifty percent interest in MetroCAN. The Organization is carrying its interest in MetroCAN on the equity method.

In April 2016 MetroCAN purchased land and a 47,236 square foot medical office building in St. Petersburg, Florida for approximately \$3,000,000. It obtained a loan to cover \$2,550,000 towards the purchase price, and \$2,550,000 to be applied to construction costs for a total loan amount of \$5,100,000. The loan was amended in March 2017 to include additional construction funding of \$2,103,000 for a total loan amount of \$7,203,000. The ability to draw on the construction loan expires in January 2019. Payment is due in full in January 2019, however if certain conditions are met the loan can be paid in installments through April 2026. Management believes it will be able to convert to this term. The loan is collateralized with a mortgage on the property. The Organization and Metropolitan are both joint and several guarantors on the debt. The debt contains certain financial covenants, management of MetroCAN and the Organization believe those covenants are being met.

In May 2018 the Organization acquired a thirty-five percent interest in Sarasota-Bradenton Aviation, Inc. (“SB Aviation”) for \$420,000. SB Aviation (a sub S corporation) owns and operates a hangar facility in Sarasota, Florida. Because of this investment, the Organization is able to utilize hangar space at this facility. The Organization is carrying its interest in SB Aviation on the equity method.

The Organization’s initial and subsequent investment affiliates through June 30, 2018 were as follows:

	<u>MetroCAN</u>	<u>SB Aviation</u>	<u>Total</u>
Beginning balance, interest in affiliates	\$ 608,934	-	608,934
Capital contributions	895,973	420,000	1,315,973
Earnings or (loss) in affiliates	<u>(25,600)</u>	<u>2,616</u>	<u>(22,984)</u>
Ending balance, interest in affiliates	\$ <u>1,479,307</u>	<u>422,616</u>	<u>1,901,923</u>

Summarized financial information of unconsolidated affiliates as of June 30, 2018 is as follows:

	<u>MetroCAN</u>	<u>SB Aviation</u>
Cash	\$ 202,412	7,125
Building, property and equipment	7,311,782	618,989
Other assets	<u>557,540</u>	<u>27,442</u>
Total assets	\$ <u>8,071,734</u>	<u>653,556</u>
Mortgage loan	\$ 4,683,017	-
Other liabilities	430,104	53,210
Members’ equity	<u>2,958,613</u>	<u>600,346</u>
Total liabilities and members’ equity	\$ <u>8,071,734</u>	<u>653,556</u>

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 13 – Interest in Unconsolidated Affiliates – Continued:

	<u>MetroCAN</u>	<u>SB Aviation</u>
Revenues	\$ 364,491	39,042
Expenses	<u>(415,691)</u>	<u>(31,569)</u>
Net Income	\$ <u>(51,200)</u>	<u>7,473</u>

Note 14 – Obligation Under Annuity:

In June 2015, the Organization purchased an annuity totaling \$380,000 to fund a retirement obligation to a former employee. Payments under the obligation began in July 2015 and expire in June 2025. Payments made for the year ended June 30, 2018 were \$62,000 resulting in a balance in the annuity of \$314,000. The obligation under annuity as of June 30, 2018 is \$314,000.

Note 15 – Commitments:

The Organization has a number of operating leases for real estate and equipment with terms ranging from three to ten years. Current monthly payments are approximately \$58,000.

The future minimum lease payments for the next five years under these leases are estimated to be:

2019	\$ 691,875
2020	545,507
2021	475,062
2022	329,254
2023	296,299

Note 16 – Notes Payable:

Note payable to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly interest only payments through March 2017 at which time monthly payments of principal and interest of \$30,310 will be required through February 2023. Interest is fixed at 2.87%. Collateral includes certain assets and accounts as described in a related security agreement. This note payable was refinanced subsequent to year end. See Note 17.

\$ 1,637,912

Note payable to bank to purchase transportation equipment. Terms of the loan call for monthly principal and interest payments of \$3,677 commencing on November 30, 2016 and continuing through September 30, 2024. Interest is fixed at 3.6%. Collateral includes the transportation equipment and other parts and equipment related to the transportation equipment.

249,132

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 16 – Notes Payable – Continued:

Note payable to bank to purchase transportation equipment. Terms of the loan call for 60 monthly principal and interest payments of \$29,531 commencing on May 13, 2018 and continuing through April 13, 2023 when a balloon payment of \$900,000 will be due. Interest is fixed at 4.54%. Collateral includes the transportation equipment and other parts and equipment related to the transportation equipment. This note payable was refinanced subsequent to year end. See Note 17.

2,258,326

Mortgage note payable to bank to purchase real estate. Terms call for monthly payments beginning June 2018 of \$15,337 plus interest through 2031. Interest rate is initially 5.05% with provisions for adjustments in the fifth and tenth years to the U.S. Treasury Security Treasury Bill Index plus 2.60%. Collateral is first mortgage on property acquired.

2,392,500

Note payable to bank. Terms call for monthly payments of principal and interest of \$80,837 beginning June 2018 through April 2022. Interest is at 5.06%. Collateral includes certain assets and accounts as described in a related security agreement. This note payable was refinanced subsequent to year end. See Note 17.

3,436,382

Total notes payable

9,974,252

Less unamortized debt issuance costs

(275,922)

Notes payable, net

\$ 9,698,330

Future maturities of term loans as of June 30,

<u>Year</u>	
2019	\$ 2,033,856
2020	2,024,562
2021	2,015,268
2022	1,925,137
2023	610,546
Thereafter	<u>1,364,883</u>
Total	\$ <u>9,974,252</u>

Interest expense incurred under these debt agreements totaled \$97,159 for the year ended June 30, 2018.

The Organization is subject to various loan covenants. For the year ended June 30, 2018, management believes the Organization was in compliance with these covenants.

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued

June 30, 2018

Note 17 – Subsequent Events:

Subsequent events have been evaluated through October 25, 2018, which is the date the financial statements were available to be issued. Subsequent to year end the Organization acquired certain assets and incurred related debt as follows:

In June 2018 the Organization purchased the medical practice of a CAN current independent contract clinic in Orlando. As part of the practice purchase strategy, in July 2018, the Organization identified and later entered into a \$1,700,000 purchase agreement to acquire an 8,700 square foot building and 5,500 square foot lot to house the medical practice.

In July 2018 the Organization signed a contract to purchase a building in South Carolina for \$900,000 to provide case management and medical services that will also house the partnership operations with the Joseph H Neal Health Collaborative.

In October 2018 the Organization purchased an eighty percent interest Tampa Family Pharmacy, LLC for approximately \$9.6 million. The purchase price was funded by a combination of cash of \$3.0 million, bank debt of approximately \$1.8 million and seller notes payable of approximately \$4.8 million.

In October 2018 the Organization purchased an eighty percent interest in JTJ Medical Supply Inc. for approximately \$35.3 million. The purchase price was funded by a combination of bank debt of approximately \$32.5 million and seller notes of approximately \$2.8 million.

The Organization entered into a credit agreement with BBVA Compass to assist with certain asset acquisitions above, retire and refinance certain existing debt and to provide funds for future growth and working capital operations.

Below is a summary of these debt agreements as of October 25, 2018 with comparative totals as of June 30, 2018.

	June 30, 2018	October 25, 2018
Note payable to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly interest only payments through March 2017 at which time monthly payments of principal and interest of \$30,310 will be required through February 2023. Interest is fixed at 2.87%. Collateral includes certain assets and accounts as described in a related security agreement.	\$ 1,637,912	-
Note payable to bank to purchase transportation equipment. Terms of the loan call for monthly principal and interest payments of \$3,677 commencing on November 30, 2016 and continuing through September 30, 2024. Interest is fixed at 3.6%. Collateral includes the transportation equipment and other parts and equipment related to the transportation equipment.	249,132	240,367

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 17 – Subsequent Events – Continued:

Note payable to bank to purchase transportation equipment. Terms of the loan call for 60 monthly principal and interest payments of \$29,531 commencing on May 13, 2018 and continuing through April 13, 2023 when a balloon payment of \$900,000 will be due. Interest is fixed at 4.54%. Collateral includes the transportation equipment and other parts and equipment related to the transportation equipment.

2,258,326 -

Mortgage note payable to bank to purchase real estate. Terms call for monthly payments beginning June 2018 of \$15,337 plus interest through 2031. Interest rate is initially 5.05% with provisions for adjustments in the fifth and tenth years to the U.S. Treasury Security Treasury Bill Index plus 2.60%. Collateral is first mortgage on property acquired.

2,392,500 2,346,490

Note payable to bank. Terms call for monthly payments of principal and interest of \$80,837 beginning June 2018 through April 2022. Interest is at 5.06%. Collateral includes certain assets and accounts as described in a related security agreement.

3,436,382 -

Credit facilities with BBVA Compass as more fully described below

- 51,754,482

Total notes payable

9,974,252 54,341,339

Less unamortized debt issuance costs

(275,922)

Notes payable, net

\$ 9,698,330

The credit agreement with BBVA Compass provided funds to purchase Tampa Family Pharmacy, LLC. and JTJ Medical Supply Inc., refinance existing debt and to provide funds for future capital expenditures and immediate cash requirements. A summary of the use of funds is below.

	<u>Available</u>	<u>Balance of debt as of October 25, 2018</u>
Purchase Tampa Family Pharmacy, LLC	\$ 1,820,000	1,820,000
Purchase JTJ Medical Inc	32,550,000	32,550,000
Term loan for HQ building (draw #1)	3,960,000	3,960,000
Term loan for aircraft	2,300,000	2,265,147
Refinance existing CAN and JTJ loans	5,750,000	5,559,335

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 17 – Subsequent Events – Continued:

Line of credit	8,000,000	5,600,000
CAPEX Equipment Line	1,500,000	-
Term Loan for HQ building (draw #2 – final)	1,520,000	-
Total	\$ 57,400,000	51,754,482

A summary of the BBVA Compass credit facilities and significant terms is below:

	<u>Available</u>	<u>Balance at October 25, 2018</u>
Acquisition NRLOC Loan payable to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for fifty-seven monthly payments in the amount of \$335,000 plus accrued interest commencing with the payment date occurring on January 5, 2019. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). An interest Swap agreement has been entered into to cover the interest on \$25 million of debt, which fixes the floating LIBOR to fixed LIBOR at approximately 3.21%. Collateral includes certain assets and accounts as described in a related security agreement.	\$ 40,120,000	39,929,335
Sarasota Facility NRLOC Loan to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for seventy-seven monthly payments in the amount of \$22,833 plus accrued interest commencing with the payment date occurring on November 5, 2018. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). An interest Swap agreement has been entered into to cover the interest on the initial of \$3,960,000 million of debt effective from initial draw credit date, and on the second draw of \$1,520,000 which floats until April 2019. The swap covering both draws will fix the LIBOR rate at approximately 3.21%. Collateral includes certain assets and accounts as described in a related security agreement.	5,480,000	3,960,000

CAN Community Health, Inc.

Notes to Consolidated Financial Statements – Continued
June 30, 2018

Note 17 – Subsequent Events – Continued:

Aircraft Term Loan payable to bank, to purchase transportation equipment. Terms of the loan call for forty-eight monthly payments of principal and interest in the amount of \$28,575 commencing with the payment date occurring on November 5, 2018. Interest is fixed at 4.5%. Collateral includes certain assets and accounts as described in a related security agreement.	2,300,000	2,265,147
Revolving Credit Facility to bank, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of interest only commencing with the payment date occurring on November 5, 2018. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.	8,000,000	5,600,000
CAPEX Loan Facility, to provide funds for costs incurred and to be incurred related to certain projects as described in the loan agreement. Terms of the loan call for monthly payments of accrued interest plus one-thirty-sixth of the outstanding principal balance commencing with the payment date occurring on November 5, 2018. The interest structure in a floating LIBOR plus a fixed bank spread that starts at 2.25% and adjusts down to 1.75% (based on financial performance). Collateral includes certain assets and accounts as described in a related security agreement.	1,500,000	-
Total	\$ 57,400,000	51,754,482

Due to the timing of the acquisitions Tampa Family Pharmacy, LLC and JTJ Medical Supply Inc. purchase price allocations have not been performed.

The BBVA credit agreement also contains certain provisions for limitations on distributions, capital expenditures and incurring additional debt as well as certain financial and compliance covenants.

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APPENDIX B
FORM OF THE MASTER INDENTURE

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**CAN COMMUNITY HEALTH, INC.,
CANTRANSPORT, LLC,
JTJ MEDICAL SUPPLY INC.,
MIDLAND MEDICAL – BROWARD, LLC,
MIDLAND RESEARCH GROUP, LLC,
MIDLANDCAN, LLC,
PRIDE PHARMACEUTICS, LLC,
PRIDE PHARMACY, LLC,
TAMPA FAMILY PHARMACY, LLC**

AFFILIATES FROM TIME TO TIME OBLIGATED HEREUNDER,

and

**U.S. BANK NATIONAL ASSOCIATION,
*as Trustee***

MASTER TRUST INDENTURE

DATED DECEMBER 30, 2020

**This Instrument Contains
After Acquired Property Provisions**

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EXHIBIT A DESCRIPTION OF MORTGAGED PROPERTY	

THIS MASTER TRUST INDENTURE (this “*Indenture*”), dated December 30, 2020, among CAN COMMUNITY HEALTH, INC., a Florida not for profit corporation (together with its successors and assigns hereunder, the “*Obligated Group Agent*”), CANTRANSPORT, LLC, a Florida limited liability company, JTJ MEDICAL SUPPLY INC., a Florida corporation, MIDLAND MEDICAL – BROWARD, LLC, a Florida limited liability company, MIDLAND RESEARCH GROUP, LLC, a Florida limited liability, MIDLANDCAN, LLC, a Florida limited liability company, PRIDE PHARMACEUTICS, LLC, a Florida limited liability company, PRIDE PHARMACY, LLC, a Florida limited liability company, and TAMPA FAMILY PHARMACY, LLC, a Florida limited liability company, (each, an “*Obligated Affiliate*” and collectively, the “*Obligated Group*”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association with trust powers, as trustee (together with any successor to the trust herein granted, the “*Trustee*”):

WITNESSETH:

WHEREAS, each Obligated Affiliate party hereto is authorized and deems it necessary and desirable to enter into this Indenture for the purpose of providing for the issuance from time to time by the Obligated Group Agent or the other Obligated Affiliates of Master Debt (as defined herein) to finance or refinance the acquisition or betterment of health care facilities or other facilities, including the costs of the acquisition and equipping of a proton therapy facility, or for other lawful and proper purposes; and

WHEREAS, all acts and things necessary to constitute this Indenture a valid security agreement and contract for the security of the Master Debt in accordance with the terms of the Master Debt and this Indenture have been done and performed, and each Obligated Affiliate party hereto, in the exercise of the legal right and power vested in it, executes this Indenture and the Obligated Group Agent proposes to make, execute, issue and deliver the initial Master Debt hereunder; and

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

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE WITNESSETH that, to secure the payment of the Outstanding Master Debt (as defined herein) and the performance of the covenants therein and herein contained and to declare the terms and conditions on which the Outstanding Master Debt is secured, and in consideration of the premises, of the purchase or other acquisition of the Master Debt by the Holders thereof, and of the sum of One Dollar (\$1.00) to the Obligated Affiliates in hand paid by the Trustee at or before the execution and delivery of this Indenture, the receipt and sufficiency of which are hereby acknowledged, the Obligated Affiliates have granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, and confirmed, and by these presents do grant, bargain, sell, alienate, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over, and confirm, to the Trustee, all and singular the following described properties, and have granted and by these presents do grant a security interest therein for the purposes herein expressed, to wit:

GRANTING CLAUSE FIRST

All Gross Revenues of the Obligated Affiliates, including without limitation rights to receive payments from third party payors such as Medicare and Medicaid, *but except and excluding* all such items, whether now owned or hereafter acquired by any Obligated Affiliate, which by their terms or by reason of applicable law are prohibited from being granted, assigned, or pledged hereunder or would become void or voidable if granted, assigned, or pledged hereunder by such Obligated Affiliate, *provided* that any Obligated Affiliate may subject to the lien of this Indenture any such excepted property, whereupon the same shall cease to be excepted property; and

GRANTING CLAUSE SECOND

All right, title, and interest of the Obligated Affiliates in and to all money and investments deposited or required to be deposited with the Trustee hereunder; and

GRANTING CLAUSE THIRD

All Accounts, Bank Accounts, Chattel Paper, Commercial Tort Claims, Contract Rights (and Related Rights), Documents, Equipment, Fixtures, General Intangibles (including Payment Intangibles), Goods, Instruments, Intellectual Property, Inventory, Investment Property, Letter of Credit Rights, Money, Receivables, Software, Supporting Obligations of the Obligated Affiliates (except as otherwise defined herein, such terms shall have the meanings set forth in the Uniform Commercial Code (provided that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning set forth in Article 9 of the Uniform Commercial Code), whether now owned or hereafter acquired or arising wherever located, and all proceeds (including Cash Proceeds and cash equivalents), products, accessions, and replacements thereof, *but except and excluding* all such items, whether now owned or hereafter acquired or arising wherever located, which by their terms or by reason of applicable law are prohibited from being granted, assigned, or pledged hereunder or would become void or voidable if granted, assigned, or pledged hereunder by such Obligated Affiliate (in each case, after giving effect to the applicable anti-assignment provisions of the Uniform Commercial Code or other applicable law), *provided* that any Obligated Affiliate may subject to the lien of this Indenture any such excepted property, whereupon the same shall cease to be excepted property; and

GRANTING CLAUSE FOURTH

The Mortgaged Property and all other real property mortgaged pursuant to Section 8.24(B) hereof; and

GRANTING CLAUSE FIFTH

At such time as a security interest in the Aircraft is required to be granted pursuant to Section 8.23 hereof, all right, title, and interest of CANTransport, LLC, in and to the Aircraft; and

GRANTING CLAUSE SIXTH

All of the Obligated Affiliates' right, title and interest in, to and under (a)(i) the equity interests owned by each such Obligated Affiliate on the date hereof, (ii) any other equity interests obtained after the date hereof by each such Obligated Affiliate and (iii) the certificates and any other instruments representing all such equity interests, and (b)(i) the debt securities held by such each such Obligated Affiliate on the date hereof, (ii) any other debt securities issued to or held by such each such Obligated Affiliate after the date hereof and (iii) the promissory notes and any other instruments evidencing such debt securities; and

GRANTING CLAUSE SEVENTH

All insurance proceeds, refunds, and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds, and premium rebates arise out of any of the foregoing Granting Clauses, all liens, guaranties, rights, remedies, and privileges pertaining to any of the foregoing Granting Clauses, and, to the extent not covered above, all of the assets, whether real, personal or mixed, and whether tangible or intangible, of the Obligated Affiliates, together with all such assets of any type which may be subsequently acquired by the Obligated Group, together with all products, accessions, replacements and proceeds thereof.

TO HAVE AND TO HOLD all said property, rights, privileges, and franchises of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, alienated, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining (said properties, rights, privileges, and franchises, other than any such property, rights, privileges, and franchises which are specifically stated herein not to be deemed part of the Trust Estate, being herein collectively referred to as the "*Trust Estate*"), unto the Trustee and its successors and assigns;

BUT IN TRUST, NEVERTHELESS, *first*, for the equal and proportionate benefit and security of the Holders from time to time of all of the Outstanding Senior Master Debt without any priority of any such Senior Master Debt over any other such Senior Master Debt except as herein otherwise expressly provided, and *second*, on an immediately subordinate basis to the Outstanding Senior Master Debt, for the equal and proportionate benefit and security of the Holders from time to time of all of the Outstanding Subordinate Master Debt without any priority of any such Subordinate Master Debt over any other such Subordinate Master Debt except as herein otherwise expressly provided;

UPON CONDITION that, if the Obligated Affiliates or their successors or assigns shall well and truly pay, or cause to be paid, the Outstanding Master Debt according to the true intent and meaning thereof, or there shall be deposited with the Trustee such amounts in such form in order that none of the Master Debt shall remain Outstanding hereunder, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the full and final payment of all such sums and amounts secured hereby or upon such deposit, this Indenture and the rights, titles, liens, security interests, and assignments herein granted shall cease, determine, and be void and shall be released by the Trustee

in due form at the expense of the Combined Group Representative, except only as herein provided; otherwise this Indenture to be and remain in full force and effect;

AND IT IS HEREBY COVENANTED AND DECLARED that the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions, and trust herein set forth, and the Obligated Affiliates do hereby covenant and agree with the Trustee, for the equal and proportionate benefit of all Holders of the Master Debt, except as otherwise provided herein, as follows:

* * *

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

Section 1.01. *Definitions.*

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

A. The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

B. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, except as provided in *Section 1.06*.

C. All references herein to “***generally accepted accounting principles***” refer to such principles as they exist on the date of applicability thereof.

D. All references in this instrument to designated “***Articles***,” “***Sections***,” and other subdivisions are to the designated Articles, Sections, and other subdivisions of this instrument as originally executed.

E. The words “***herein***,” “***hereof***,” and “***hereunder***” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, or other subdivision.

“***Accounts***” means, collectively, all accounts (as such term is defined in Article 9 of the UCC), accounts receivable (but only to the extent such accounts receivable do not secure the repayment of an AR Line of Credit), other receivables, contracts, contractual rights, tax refunds, or other obligations or indebtedness of any kind or description owing to an Obligated Affiliate, secured or unsecured, now or hereafter existing, whether or not arising out of or in connection with the payment for goods sold or leased or services rendered, whether or not earned by performance, and all sums of money or other proceeds due or becoming due thereon, together with all rights now or hereafter existing under guarantees and collateral security therefor and under leases and other contracts securing, guaranteeing, or otherwise relating to any of the foregoing, including without limitation (a) all rights to receive any performance or any payments in money or in kind; (b) all right, title, and interest in and to the goods, services, or other property that give rise to or that secure any of the foregoing, and insurance policies and proceeds thereof relating thereto; (c) all rights as an unpaid seller of goods and services including without limitation all rights of stoppage in transit, replevin, reclamation, and resale; (d) all rights to receive any Medicare/Medicaid Receivables or payments under any other federal programs or state and local governmental programs providing for the payment of or reimbursement for services rendered or under private insurance programs (including without limitation prepaid health organizations, health maintenance organizations or preferred provider organizations), in each case only to the extent not prohibited by applicable law; (e) reversionary interests in pension and profit-sharing plans, and reversionary, beneficial, and residual interest in trusts, and credits with and any other claims against any Person; and (f) all ledger sheets, files, records, and documents relating to any of the foregoing, including

all computer records, programs, storage media, and computer software used or required in connection therewith.

“Acquisition” means any transaction or series of related transactions, consummated after the date hereof, by which an Obligated Affiliate (i) acquires any going business, or all or substantially all of the assets of any Person, whether through purchase of assets, merger or otherwise, or (ii) acquires securities or other ownership interests of any Person having at least a majority or combined voting power of the then outstanding securities or other ownership interests of such Person.

“Act” when used with respect to any Holder of Master Debt has the meaning stated in *Section 1.02*.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, or any other Person who is a general partner of any partnership of which such other Person or any Affiliate thereof is a general partner. For purposes of this definition, **“control”** when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or the power to appoint and remove its directors, by contract, or otherwise; and the terms **“controlling”** and **“controlled”** have meanings correlative to the foregoing.

“Aircraft” means the Hawker Beechcraft Corp B200GT, Serial Number BY-45, FAA Registration Number#N43GJ, together with Pratt & Whitney Canada PT6A Series engines, Serial Numbers RX0097 and RX0100, or any replacement aircraft.

“Aircraft Loan” means the loan from Central Bank to CANTransport in the original amount of \$1,984,000, pursuant to a Loan Agreement dated as of January 23, 2020, between Central Bank and CANTransport.

“Application” means an application for the qualification of a promissory note, draft, bond, guarantee or other obligation hereunder as Master Debt signed in the name of the Combined Group Representative by an Authorized Officer and delivered to the Trustee, and no Application shall be deemed complete until there shall have been delivered to the Trustee such documents as are required hereunder to have such promissory note, draft, bond, guarantee or other obligation so qualified. The date of an Application shall be deemed to be the date of completion of all such deliveries to the Trustee and not the date on any particular document so delivered.

“AR Line of Credit” means a line of credit provided by a financial institution to an Obligated Affiliate which is solely secured by accounts receivable of such Obligated Affiliate.

“Assumed Term” means a period of up to 30 years; provided, however, for any Master Debt that has a Stated Maturity more than 30 years from the date of the relevant calculation, then the Assumed Term for such Master Debt shall be the period until the Stated Maturity of such Obligation.

“Authenticating Agent” when used with respect to any particular Master Debt means any Person named as Authenticating Agent for said Master Debt pursuant to *Section 5.13* until a

successor Authenticating Agent therefor becomes such pursuant thereto, and thereafter “**Authenticating Agent**” shall mean such successor.

“**Authorized Officer**” of a Person means the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the Treasurer, the Chief Legal Officer, the Secretary or the General Counsel of such Person, or any other officer of such Person authorized to perform functions similar to those customarily performed by any such officer holding one of the offices listed above and designated in writing to the Trustee, which designation shall remain in effect until the Trustee receives notice that it is no longer effective.

“**Bank Accounts**” means all deposit accounts (as such term is defined in Article 9 of the UCC) and shall include, without limitation, all checking, investment, or deposit accounts (general or specific, time or demand, provisional or final) at any time maintained by any Obligated Affiliate, including without limitation accounts to which collections of Medicare/Medicaid Receivables are deposited, and all moneys, securities, instruments, general intangibles, and investment property (as such term is defined in Article 9 of the UCC) deposited or held therein, *but only* to the extent the granting, assignment, or pledge thereof is not prohibited by applicable law.

“**Bank Direct Purchase**” and “**Bank Direct Purchaser**” have the respective meanings stated in *Section 1.15B*.

“**Beneficial Owner**” has the meaning set forth in the 2020 Taxable Bond Indenture.

“**Book Value**” when used with respect to Property of a Member, means the value of such Property, net of accumulated depreciation and amortization, as reflected in the most recent financial statements of such Member that have been prepared in accordance with generally accepted accounting principles, and when used with respect to Property of all Members, means the aggregate of the values of such Property, net of accumulated depreciation and amortization, as reflected in the most recent Financial Statements prepared in accordance with generally accepted accounting principles, provided that such aggregate shall be calculated in such a manner that no portion of the value of any Property of any Member is included more than once.

“**Business Day**” means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions located in New York, New York, and the city in which the designated corporate trust office of the Trustee is located are required or authorized to be closed, or (iii) a day on which The New York Stock Exchange is closed.

“**CAN**” means CAN Community Health, Inc., a Florida not for profit corporation and any successor thereto or assign thereof in accordance with this Indenture.

“**CANTransport**” means CANTransport, LLC, a Florida limited liability company.

“**Capital Appreciation Debt**” means any Debt, or portion thereof, which at the time of the original offering or sale thereof, is offered for sale to the public or sold to the initial purchaser or purchasers thereof with a stated interest rate which is less than the original issue yield to maturity thereof or with no stated interest rate, and with respect to which a Compounded Value is required to be determined by the indenture or other agreement pursuant to which such Debt was issued.

“Capital Expenditures” means for any period the aggregate of all expenditures (including that portion of Capitalized Lease Obligations attributable to that period) made in respect of the purchase, construction or other acquisition of fixed or capital assets, determined in accordance with GAAP; provided, however, that in no event shall advances paid by the Obligated Affiliates to clinic partners constitute or be deemed to be Capital Expenditures.

“Capital Lease Obligations” of any Person shall mean all obligations of such Person to pay rent or other amounts under any lease (or other arrangement conveying the right to use) of real or personal property, or a combination thereof which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“Capitalization” means the sum of the aggregate Debt of any Person or group of Persons, plus the aggregate unrestricted net assets of any such Person or group of Persons, all as calculated in accordance with generally accepted accounting principles in the United States.

“Cash Proceeds” has the meaning set forth in Article 9 of the UCC.

“Change of Control” has the meaning set forth in the 2020 Taxable Bond Indenture.

“Collateral” means the collateral described in Granting Clauses FIRST, SECOND, THIRD, FOURTH, FIFTH, SIXTH, and SEVENTH hereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

“Combined Group” means, collectively, all Obligated Affiliates, Restricted Affiliates and Designated Affiliates.

“Combined Group Financial Statements” means (i) any special purpose financial statements including only Members of the Combined Group on a consolidated and consolidating basis, or (ii) the financial information relating solely to the Combined Group as shown on the consolidating schedule contained in any System Financial Statements.

“Combined Group Representative” means the Obligated Affiliate so designated in accordance with *Section 1.14*, and any successor thereto.

“Commercial Tort Claim” means any commercial tort claim (as defined in Article 9 of the UCC) in effect as of the date of this Indenture or arising in the future, and described on Schedule 8.16 in accordance with Section 8.16.

“Compounded Value” means, with respect to any Debt or portion thereof which is Capital Appreciation Debt, the initial price or initial principal amount at which such Capital Appreciation Debt was offered for sale to the public or sold to the initial purchaser or purchasers thereof at the original offering or sale thereof, without reduction to reflect underwriter’s discount or placement fees, compounded at the original issue yield to maturity of such Capital Appreciation Debt to the date of determination of compounded value in the manner provided in the indenture or other

agreement pursuant to which such Capital Appreciation Debt was issued less, with respect to any Capital Appreciation Debt with interest payable on a current basis, any interest paid or payable during such period.

“**Consent**,” “**Order**,” and “**Request**” of any Person mean, respectively, a written consent, order, or request signed in the name of the Person giving such consent or order or making such request by an Authorized Officer of such Person and delivered to the Trustee.

“**Construction Index**” means the most recent issue of the “Dodge Construction Index for U.S. and Canadian Cities” with reference to the city in which the subject property is located (or, if such Index is not available for such city, with reference to the city located closest geographically to the city in which such subject property is located), or, if such Index is no longer published or used by the federal government in measuring costs under Medicare or Medicaid programs, such other index which is certified to be comparable and appropriate by the Combined Group Representative in an Officer’s Certificate delivered to the Trustee.

“**Contract Rights**” means all rights of any Obligated Affiliate in and to contracts to which any such Person is now or shall become a party and pursuant to which such Person has the right to perform medical and/or management services and receive payment, reimbursement, insurance proceeds, or any other form or manner of compensation, including without limitation the Medicare and Medicaid reimbursement agreements to which such Person is a party and any and all other agreements and/or arrangements between such Person and a governmental or quasi-governmental entity pursuant to which such Person provides such health care services and receives any form of payment, and any other agreements pursuant to which such Person provides health care services on a reimbursed, capitated, or other form of payment arrangement, *but only* to the extent the granting, assignment, or pledge thereof is not prohibited by applicable law.

“**Controlling Master Debt**” means (A) so long as any Senior Master Debt is then Outstanding, the Outstanding Senior Master Debt, and (B) if no Senior Master Debt is then Outstanding, the Outstanding Subordinate Master Debt.

“**Copyright License**” shall mean any written agreement, now or hereafter in effect, granting any right to any third Person under any Copyright now or hereafter owned by any Obligated Affiliate or that such Obligated Affiliate otherwise has the right to license, or granting any right to any Obligated Affiliate under any Copyright now or hereafter owned by any third Person, and all rights of such Obligated Affiliate under any such agreement.

“**Copyrights**” shall mean all of the following now owned or hereafter acquired by any Obligated Affiliate: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished and whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country or any political subdivision thereof, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office (or any successor office or similar office in any other country).

“**Current Value**” of any Property of any Person means the appraised value of such Property, established by an Officer’s Certificate of such Person, for which an appraisal (dated not more than three years preceding the date that such Officer’s Certificate is delivered to the Trustee) is attached to such Officer’s Certificate.

“**Days of Operating Expenses**” means (A) the total operating expenses before restructuring and impairment for the applicable period (provided, however, the total operating expenses shall not include the following (1) depreciation, (2) amortization, (3) extraordinary losses, (4) non-recurring losses and (5) non-cash losses, divided by (B) the number of days in the applicable period.

“**Debt**” of any Person at any date shall include all obligations that would be included in determining total liabilities as shown on the liabilities side of a balance sheet of such Person in accordance with *Section 1.06*, *excluding, however*, any reserves for estimated obligations, deferred income, the value of Financial Hedges, and offsets to asset values, all as recorded in accordance with generally accepted accounting principles, and shall include:

(1) **Indebtedness:** all indebtedness, whether or not represented by Master Debt, notes or other securities, for the repayment of borrowed money and all finance leases under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Lease* or any successor guidance, installment sale agreements and other similar obligations for the payment of the purchase price of property or assets purchased,

(2) **Guarantees:** all indebtedness guaranteed, directly or indirectly, in any manner by such Person, or in effect guaranteed, directly or indirectly, by such Person through an agreement, contingent or otherwise, to purchase indebtedness or to advance or supply funds for the payment or purchase of indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of indebtedness or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise,

(3) **Subject to Debt:** all indebtedness secured by any mortgage, lien, pledge, charge, or encumbrance upon property owned by such Person even though such Person has not assumed or become liable for the payment thereof,

(4) **Conditional Sales Agreement:** all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property,

(5) **Synthetic Leases:** all leases to such Person or other agreements for the possession or use of property by such Person that, in either case, include an obligation of such Person that either (a) is a residual value guarantee within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* or any successor guidance, or (b) would be treated as an indebtedness of such Person in a

proceeding by or against such Person, as debtor, under the United States Bankruptcy Code, which leases and agreements shall be deemed to be in the amount which would be shown as a liability on the balance sheet of such Person prepared in accordance with generally accepted accounting principles if such leases and agreements were accounted for as finance leases under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* or any successor guidance,

(6) ***Recast Sales***: any sale of property subject to an operating lease (as determined under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* or any successor guidance), or sale of property that is leased by or intended to be leased by the third-party purchaser to another party, where the seller or any party related to the seller retains substantial risks of ownership in the leased property and such transaction is not treated as a sale in accordance with generally accepted accounting principles and instead is shown as a liability on the balance sheet of such Person, and

(7) ***Recourse for Receivables***: any obligation of any Person to repurchase accounts receivable of such Person,

but shall *exclude*:

(a) ***Taxes, Etc.***: accrued liabilities for taxes, assessments, and governmental charges or levies and claims for labor, materials, and supplies,

(b) ***Dividends and Allocations***: debt represented by dividends or distribution of earnings declared but not paid,

(c) ***Ordinary Course Payables***: current liabilities incurred in the ordinary course of business,

(d) ***Self-Insurance, Risk Management, and Related Payables***: current or long-term liabilities relating to, or for contributions to, self-insurance programs, legal or compliance reserves or settlements, or other risk management programs that do not represent indebtedness for borrowed money,

(e) ***Guarantees of Certain Excluded Debt***: any indebtedness that directly, indirectly, or in effect guarantees any debt or obligation described in *Clause (a), (b), (c) or (d)* immediately above,

(f) ***Guarantees of Combined or Consolidated Debt***: indebtedness of an entity that is based upon the guarantee or assumption by such entity, directly or indirectly, of indebtedness of another entity, both of whose financial information is combined or consolidated in the same Financial Statements,

(g) ***Combined or Consolidated Leases***: finance leases (as determined under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* or any successor guidance) shown on the liabilities side of the balance sheet of a

Person, *but only if* (i) such Person is not a party to such lease, and (ii) such Person has no direct responsibility for any payments under such lease, and

(i) ***Operating Leases***: except as provided in *Clause (6)* above, leases and agreements accounted for as operating leases under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases* or any successor guidance,

and *provided*, to the extent that a Person has obtained credit or liquidity enhancement or support for Debt, whether by means of a bank bond purchase agreement, letter of credit, revolving credit agreement, surety bond, or otherwise, and the terms and conditions under which such credit or liquidity enhancement or support was obtained require such Person to reimburse the provider of such enhancement or support, such obligation of such Person to reimburse such provider for such amounts shall constitute Debt only when and to the extent such advances are actually made and such obligation to reimburse actually arises.

“Default” means the occurrence and continuance of an event that, after notice or lapse of time or both, would become an Event of Default.

“Deposit Account Control Agreement” means a deposit account control agreement among an Obligated Affiliate, the Trustee and a depository institution, as provided for under Section 8.18 hereof.

“Designated Affiliate” means, at any date, any Person (other than an Obligated Affiliate or a Restricted Affiliate) which meets the following requirements:

(1) ***Power to Control***: the Combined Group Representative or an Obligated Affiliate shall, to the extent permitted by law, either (i) maintain, directly or indirectly, control of the Designated Affiliate, including the power to direct the management, policies, disposition of assets and actions of the Designated Affiliate to the extent required to cause the Designated Affiliate to comply with the terms and conditions of this Indenture applicable to it, whether through the ownership of voting securities, by contract, partnership interests, membership, reserved powers, or the power to appoint members, trustees or directors or otherwise, or (ii) execute and maintain in effect such agreements as the Combined Group Representative, in its sole judgment, deems sufficient for it or an Obligated Affiliate to be able to cause the Designated Affiliate to comply with the terms and conditions of this Indenture applicable to it; and

(2) ***Current Qualification***: such Person is not an Obligated Affiliate or a Restricted Affiliate, has become a Designated Affiliate pursuant to *Section 9.05*, and has not thereafter been released from its status as a Designated Affiliate pursuant to *Section 9.06*.

“EBITDA” shall mean, for the Obligated Group as of any date of determination, on a consolidated basis, the excess of gross revenue over expenses, before adjustments for allocations with respect to Non-Controlling Interests, for the twelve (12) month period ended on such date of determination, determined on a consolidated basis in accordance with GAAP adjusted for non-recurring and non-cash items as determined by the Obligated Group Agent and approved by the Holders of more than a majority in principal amount of the Controlling Master Debt Outstanding

in their sole but reasonable discretion, plus (A) Interest Expense for such period, plus (B) income tax expense for such period, plus (C) depreciation expense for such period, and plus (D) amortization (including amortization of intangibles) expense for such period.

“Electronic Notice” means notice through telecopy, telegraph, telephone, facsimile transmissions, internet, email or other electronic means of communication capable of making a written record.

“Eligible Investments” means (i) with respect to any fund established by a supplement to this Indenture, for which such supplemental indenture specifies certain eligible investments, the investments so specified, (ii) with respect to any Master Debt for which a supplement to this Indenture specifies certain eligible investments, the investments so specified, and (iii) in all other cases such legal investments as are designated in writing to the Trustee by the Combined Group Representative.

“Event of Default” has the meaning stated in *Article Four*. An Event of Default shall **“exist”** if an Event of Default shall have occurred and be continuing.

“Financial Hedge” means an interest rate swap; interest rate index swap; basis swap; commodity swap; equity or equity index swap; bond, bond price or bond index swap; currency swap; cross-currency swap; credit derivative transaction; or foreign exchange transaction, or option, exchange, cap, collar, floor, forward, futures contract, spot contract or other hedging agreement, contract, arrangement or security, or combination of the foregoing, however denominated, including any option to enter into the foregoing, entered into by a Person in order to reduce, modify, convert or otherwise manage such Person’s risk of interest rate or interest rate index changes; interest rate or interest rate index exposures; or risk of changes or exposures to prices of commodities, securities, portfolios, products, supplies, goods or services. Any of the foregoing may be treated as a **“Financial Hedge”** for purposes of this Indenture without regard to whether such arrangement qualifies for hedge accounting treatment under generally accepted accounting principles.

“Financial Statements” means, as applicable, the Combined Group Financial Statements or the System Financial Statements, and with respect to any other Person, for any period, the financial statements of such Person meeting the requirements described in *Section 8.10B(ii)* and *(iii)*.

“Fiscal Year” means the fiscal year of each Member of the Combined Group or of the System, as applicable, ending on June 30 of each calendar year, or such other consecutive 12-month period selected by the Combined Group Representative as the fiscal year for each Member of the Combined Group or for the System and designated from time to time in writing by the Combined Group Representative to the Trustee, and subject to the designation of an Interim Period pursuant to *Section 8.10E*; *provided* that for purposes of making calculations or determinations set forth in this Indenture on a Fiscal Year basis, or for purposes of combinations or consolidations of accounting information, with respect to those Persons whose actual fiscal year is different from that designated above, the actual fiscal year of such Persons which ended within the Fiscal Year of the Members of the Combined Group or of the System, as applicable, shall be used.

“Fitch” means Fitch Ratings, Inc., or any successor to its credit rating business.

“Fixed Charge Coverage Ratio” shall mean for any period (i) EBITDA plus rent and lease expenses minus cash taxes paid minus dividends and distributions paid to shareholders/members other than CAN, divided by (ii) all scheduled principal payments on funded debt plus interest expense plus rent and lease expenses.

“Force Majeure Event” means any of the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; validly issued orders of any kind of the government of the United States of America, the state or states in which such Member of the Combined Group is doing business, or any of their departments, agencies, political subdivisions or officials, or any civil or military authority, imposed due to factors not within the control of such Combined Group Member and having a material effect on its ability to carry out its agreements hereunder; insurrections; riots; epidemics; pandemics; landslides; tornadoes; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or similar acts or events, other than financial inability, not within the control of such Member of the Combined Group.

“GAAP” shall mean (i) prior to the date the Obligated Group is required to adopt International Financial Reporting Standards (“IFRS”), generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principal Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied; and (ii) on and after the date that the Obligated Group is required to adopt IFRS, IFRS as issued and set forth in the pronouncements of the International Accounting Standards Board, including standards and interpretations approved by the International Accounting Standards Board and its predecessor the International Accounting Standards Committee, that are applicable to the circumstances as of the date of determination, consistently applied, subject to the terms of Section 1.3 hereof.

“General Intangibles” means all general intangibles (as such term is defined in Article 9 of the UCC) of the Obligated Affiliates, including without limitation trademarks, copyrights, patents, contracts, licenses, franchises, trade names, computer programs and other computer software, inventions, designs, trade secrets, goodwill, proprietary rights, customer lists, supplier contacts, sale orders, correspondence, and advertising materials.

“Governing Body” of any Person means such Person’s board of directors, board of trustees, board of managers, managing members, managing partners, general partners, or similar group or entity in which the right to exercise the powers of corporate directors or trustees or of managers or partners is vested, or any duly authorized committee of said board, group or entity.

“Governing Body Resolution” of any Person means a copy of a resolution, certified by an Authorized Officer, the Secretary, an Assistant Secretary, or any other officer or official responsible for maintaining the records of the Governing Body of such Person, to have been duly

adopted by the Governing Body thereof and to be in full force and effect on the date of such certification, delivered to the Trustee.

“Gross Revenues” means of all receipts, revenues, rentals, income, insurance proceeds, including, without limitation, all Medicare/Medicaid Receivables (and other third party payments), Unrestricted Receivables, condemnation awards and other moneys received by or on behalf of any Obligated Affiliate.

“Holder” when used with respect to Master Debt means the Person in whose name such Master Debt is registered in the Master Debt Register, *subject to Section 1.15*.

“Iberia Bilateral Loans” means the loans by Iberiabank, a Louisiana state chartered bank, in the original principal amounts of \$6,820,000 and \$750,000, made pursuant to the Iberia Bilateral Loan Agreement, the loan proceeds of which were used to finance or refinance a part of the cost of the acquisition of the real property and improvements located at 4440 Fruitville Road, Sarasota, Florida 34242 and 1517 Gregg Street, Columbia, South Carolina 29201, respectively.

“Iberia Bilateral Loan Agreement” means the Iberia Credit Agreement among CAN, JTI, and TFP (as borrowers thereunder) and Iberiabank, a Louisiana state chartered bank, dated December 11, 2019.

“Indenture” means this instrument as originally executed or as it may from time to time be supplemented, modified, amended, restated or replaced by one or more instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

“Independent” when used with respect to any specified Person means such a Person who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the Combined Group Representative, any Obligated Affiliate, or any other obligor upon the Master Debt or in any Affiliate of the Combined Group Representative, any Obligated Affiliate, or such other obligor, and (3) is not connected with the Combined Group Representative, any Obligated Affiliate, or such other obligor or with any Affiliate of the Combined Group Representative, any Obligated Affiliate, or such other obligor as an officer, employee, promoter, underwriter, trustee, partner, director, member or person performing similar functions. Whenever it is herein provided that any Independent Person’s opinion or certificate shall be furnished to the Trustee, such Person shall be appointed by Order of the Combined Group Representative and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning thereof.

“Index Rate” means the “25-Bond Revenue” index rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the Combined Group Representative that is within 30 days prior to the date of any calculation made with respect to the Index Rate; *provided, however*, that if *The Bond Buyer* (or a successor publication) ceases to publish such rate, the Index Rate shall be the rate specified in an index in general use in the financial industry and reasonably comparable to the “25-Bond Revenue” index rate for 30-year tax-exempt revenue bonds, such alternative index to be selected by the Combined Group Representative.

“Initial Obligated Group Members” means, collectively, CAN, CANTransport, JTJ Medical, MidlandCAN, Midland Medical, Midland Research, Pride Pharmaceuticals, Pride Pharmacy and Tampa Family Pharmacy.

“Intellectual Property” shall mean all intellectual and similar property of any Obligated Affiliate of every kind and nature now owned or hereafter acquired by any Obligated Affiliate, including all of Obligated Affiliate’s right, title and interest in (i) Patents, Copyrights, Licenses, Trademarks and trade secrets, and (ii) any intellectual property rights in inventions, designs, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

“Interest Expense” means, without duplication, for the Obligated Affiliates from time to time for any period determined on a consolidated basis in accordance with GAAP, the sum of (u) total interest expense, including without limitation the interest component of any payments in respect of Capital Lease Obligations capitalized or expensed during such period (whether or not actually paid during such period), plus (ii) the net amount payable (or *minus* the net amount receivable) under interest rate Financial Hedges during such period (whether or not actually paid or received during such period).

“Interim Period” has the meaning stated in *Section 8.10*.

“JTJ Medical” means JTJ Medical Supply Inc., a Florida corporation.

“License” shall mean any Patent License, Trademark License, Copyright License or other license or sublicense agreement to which any Obligated Affiliate is a party granting any Person any right to use any Intellectual Property owned by any Obligated Affiliate or that Obligated Affiliate otherwise has the right to license, or granting to any Obligated Affiliate any right to use any Intellectual Property owned by any third Person.

“Long-Term,” when used in respect of Debt, means Debt that matures by its terms, or which the debtor may renew at its option to a date, or which the debtor intends to refund in a series of refundings or otherwise by other Debt that will mature by its terms (unless any earlier right of demand is exercised), more than one year after such Debt was originally created, assumed, or guaranteed.

“Master Debt” means the promissory notes, drafts, bonds, guarantees, and other obligations from time to time issued, incurred, created, assumed, or guaranteed by any Obligated Affiliate and qualified as such hereunder pursuant to the terms of *Article Two*, whether or not the same is or evidences Debt.

“Master Debt Register” and **“Master Debt Registrar”** have the respective meanings stated in *Section 2.04*.

“Maturity” when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable, and when used in connection with Master Debt that is not Debt means the date for payment of the same, in either case as therein

provided and whether at the Stated Maturity or by declaration of acceleration, demand, call for redemption, or otherwise.

“Medicaid” means the government-sponsored entitlement program, which provides federal grants to states for medical assistance based on specific eligibility criteria, as established pursuant to the Social Security Act (42 U.S.C. Section 1396 *et seq.* and related statutes) and any successor, replacement, or related program.

“Medicare” means the government-sponsored insurance program, which provides for a health insurance system for eligible elderly and disabled individuals, as established pursuant to the Social Security Act (42 U.S.C. Section 1395 *et seq.* and related statutes) and any successor, replacement, or related program.

“Medicare/Medicaid Receivables” means all accounts and other rights to payment now or at any time hereafter owing, and all reimbursements now or hereafter due, whether directly or indirectly through an intermediary, from the United States Centers for Medicare and Medicaid Services, the United States Department of Health and Human Services, any other governmental authority, or any other Person in connection with Medicare and Medicaid, the Civilian Health and Medical Program of the Uniform Services, and the Civilian Health and Medical Program of the Veterans’ Administration.

“Member” means, when used with respect to the Combined Group, an Obligated Affiliate, a Restricted Affiliate or a Designated Affiliate.

“Midland Medical” means Midland Medical-Broward, LLC, a Florida limited liability company.

“Midland Research” means Midland Research Group, LLC, a Florida limited liability company.

“MidlandCAN” means MidlandCAN, LLC, a Florida limited liability company.

“Moody’s” means Moody’s Investors Service, Inc., or any successor to its credit rating business.

“Mortgage” means the Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing to be dated as of the date of its execution and delivery, from CAN, for the benefit of the Trustee, as beneficiary, securing Master Debt as provided in the Mortgage, and recorded in Sarasota County, Florida, as it may from time to time be supplemented, modified, amended or restated by one or more instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

“Mortgaged Property” means the real property described in Exhibit A hereto.

“Net Proceeds” means, when used with respect to any insurance (other than the proceeds of business interruption insurance) or condemnation award or sale consummated under threat of condemnation, the gross proceeds from the insurance or condemnation award or sale with respect

to which that term is used less all expenses (including attorney's fees, adjuster's fees and any expenses of the Combined Group or the Trustee) incurred in the collection of such gross proceeds.

"Non-Controlling Interest" means, with respect to any Obligated Affiliate other than CAN, the portion of equity ownership in such Obligated Affiliate not attributable to such Obligated Affiliate's controlling parent company and where such controlling parent company consolidates the subsidiary's financial results with its own.

"Nonrecourse," when used in respect of Debt, means purchase money or construction money Debt the liability for which is to the property acquired, constructed, or improved thereby or replacements of such property, and rents, profits, and proceeds thereof or of insurance therefor, with no other recourse (except for fraud, misappropriation of funds, intentional damage, and similar exceptions), directly or indirectly, to or against the Person incurring such Debt or against other property of such Person.

"Obligated Affiliate" means, at any date, any Person that has become an Obligated Affiliate by execution of this instrument or pursuant to *Section 9.01* and has not theretofore been released from its status as an Obligated Affiliate pursuant to *Section 9.02*.

"Obligated Group" means collectively all Obligated Affiliates.

"Obligated Group Representative" means, initially, CAN, as the Obligated Group Representative under this Indenture, or such other Obligated Group Member that may be designated in an Order pursuant to Section 1.14 and acting as the Obligated Group Representative under this Indenture.

"Officer's Certificate" of any Person means a certificate signed by an Authorized Officer of such Person and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel who may (except as otherwise expressly provided in this Indenture) be counsel for the Combined Group Representative, an Obligated Affiliate, a Restricted Affiliate, a Designated Affiliate, or any Affiliate of any such Person and, when given with respect to the status of interest on any Debt under federal income tax law, shall mean counsel of nationally recognized standing in the field of municipal bond law.

"Outstanding" when used with respect to Master Debt or Debt means, as of the date of determination, all Master Debt or Debt except such Master Debt or Debt or any part thereof:

- (1) ***Retired Debt:*** which has been paid or otherwise retired, or
- (2) ***Gross Cash Defeasance:*** for the payment or redemption of which sufficient money has been irrevocably deposited with the payee thereof or a third party for the payment of the principal of (and premium, if any) and interest and other debt service charges thereon (*provided that, if such Master Debt or Debt is to be redeemed, notice thereof shall have been duly given or irrevocably provided for hereunder, or waived*), or
- (3) ***Net Cash Defeasance:*** for which either (a) due to the irrevocable deposit of money, securities, or other thing of value with a trustee, paying agent, or escrow agent with

respect thereto, none of the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate or any Designated Affiliate is then obligated with respect thereto except from and to the extent of the money, securities, or other thing so deposited and proceeds thereof or (b) there shall have been irrevocably deposited with a trustee, paying agent, or escrow agent the necessary funds (or evidences of such Master Debt or Debt or securities that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction thereof, or

(4) **Release:** when used with respect to Master Debt, which is no longer entitled to the benefits of this Indenture pursuant to *Section 3.02*;

provided, however, that in determining whether the Holders of the requisite principal amount of Master Debt Outstanding have given any request, demand, order, authorization, direction, notice, consent, waiver or other Act hereunder:

(i) Master Debt owned by the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate, any Designated Affiliate or any other obligor upon Master Debt or any Affiliate of the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate, any Designated Affiliate or such other obligor shall be disregarded and deemed not to be Outstanding, *except* that (A) in determining whether the Trustee shall be protected in relying upon any such request, demand, order, authorization, direction, notice, consent, waiver or other Act, only Master Debt which the Trustee knows to be so owned shall be so disregarded, and (B) Master Debt so owned which has been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee provides to the Trustee evidence of the pledgee's right so to act with respect to such Master Debt and that the pledgee is not the Combined Group Representative, an Obligated Affiliate, a Restricted Affiliate, a Designated Affiliate, or any other obligor upon Master Debt or any Affiliate of the Combined Group Representative, an Obligated Affiliate, a Restricted Affiliate, a Designated Affiliate, or such other obligor; and

(ii) **"principal"** means (A) with respect to any Master Debt that secures or constitutes a Financial Hedge, an amount equal to zero for purposes of exercising any rights under this Indenture, including without limitation, any right to direct or control remedies or vote or grant consents or approvals, (B) with respect to any Capital Appreciation Debt, an amount equal to its Compounded Value for purposes of exercising any rights under this Indenture, including without limitation, any right to direct or control remedies or vote or grant consents or approvals, (C) with respect to any Master Debt securing a guaranty that constitutes Debt under *Clause (2)* of the definition of "*Debt*" in this Section, an amount equal to the principal actually due and owing on such guaranty at the time of such determination, and (D) with respect to any other Master Debt, means the unpaid principal sum of such Master Debt, *but excludes* (1) the unpaid principal sum due and owing pursuant to Master Debt evidencing payment obligations under any facility providing liquidity, including without limitation any standby bond purchase agreement or similar facility or liquidity drawing under a letter of credit, to the extent evidenced or secured by other Master Debt or obligations secured thereby, and (2) any principal amount that is available but not drawn down at the time of determination under a line of credit, letter of credit, revolving loan or similar facility secured by Master Debt.

“Owner” has the meaning set forth in the 2020 Taxable Bond Indenture.

“Patent License” shall mean any agreement, now or hereafter in effect, granting to (i) any third Person any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Obligated Affiliate or that any Obligated Affiliate otherwise has the right to license, is in existence or (ii) any Obligated Affiliate any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third Person, is in existence, and all rights of any Obligated Affiliate under any such agreement.

“Patents” shall mean all of the following now owned or hereafter acquired by any Obligated Affiliate: (a) all letters patent of the United States or the equivalent thereof in any other country or any political subdivision thereof, all registrations and recordings thereof, and all applications for letters patent of the United States or the equivalent thereof in any other country or any political subdivision thereof, including registrations, recordings and pending applications in the United States Patent and Trademark Office (or any successor office or similar office in any other country), and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

“Paying Agent” means any Person authorized by the Combined Group Representative to pay the principal of (and premium, if any) and interest and other debt service charges on any Master Debt on behalf of the Obligated Affiliates.

“Permitted Encumbrances” means:

(1) **Good Faith and Security Deposits:** liens arising by reason of good faith deposits by or with any Member of the Combined Group in connection with tenders, leases of real estate, bids, or contracts (other than contracts for the payment of money), deposits by any Member of the Combined Group to secure public or statutory obligations or to secure, or in lieu of, surety or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(2) **Governmental and Insurance Deposits:** any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license in the ordinary course of business, or to enable any Member of the Combined Group to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker’s compensation, unemployment insurance, old age pensions, or other social security, or to share in the privileges or benefits required for institutions participating in such arrangements, including without limitation any funds or assets required by law or governmental regulation to be kept free of encumbrance as a condition to the transaction of any business or the exercise of any privilege or license in the ordinary course of business, which will for all purposes of this Indenture be deemed a Permitted Encumbrance subject to a lien in favor of such governmental agency superior to any lien of the Trustee under this Indenture for so long as such transaction remains in effect;

(3) **Judgment Liens:** liens created by or existing from any litigation or legal proceeding, or any judgment lien against any Person, so long as the finality of such litigation, legal proceeding or judgment is being contested in good faith and execution thereon is stayed;

(4) **Governmental Restrictions:** rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit, or provision of law affecting any property (a) to terminate such right, power, franchise, grant, license, or permit, *provided* that the exercise of such right would not, in the judgment of the Combined Group Representative, materially impair the use of such property for its intended purpose, or materially and adversely affect the value thereof, if such property is material to the operation of the businesses of the Combined Group taken as a whole, or (b) to purchase, condemn, appropriate, recapture, or designate a purchaser of such property, or (c) to control, regulate, or zone such property or to use such property in any manner, which rights do not, in the judgment of the Combined Group Representative, materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;

(5) **Governmental Programs:** statutory rights or liens of the United States of America or any state or the District of Columbia, or any agency or political subdivision thereof, by reason of funds being made available to any Member of the Combined Group under federal or state statutes, regulations or programs;

(6) **Taxes:** liens for taxes or assessments or other governmental charges or levies to the extent not required to be paid pursuant to *Section 8.17*;

(7) **Worker's Compensation:** pledges or deposits to secure obligations under worker's compensation laws or similar legislation, including liens of judgments thereunder which are not currently dischargeable;

(8) **For Work and Supplies:** materialmen's, mechanics', carriers', workmen's, repairmen's, or other like liens arising in the ordinary course of business, or deposits to obtain the release of such liens;

(9) **Leases, Licenses and Use Agreements:** leases, licenses or similar use agreements made with respect to property, or existing on property acquired, in the ordinary course of business;

(10) **Landlords' Liens:** statutory landlords' liens under leases to which any Member of the Combined Group is a party or contractual landlords' liens on property located on the leased premises;

(11) **Service and Other Deposits:** liens on money deposited by or for the account of patients, customers or residents of any Person as security for or as prepayment of the cost of any service, item or residency arrangement provided by such Person;

(12) **Patient Financing:** liens, encumbrances, pledges or other security interests created or assumed by any Member of the Combined Group on property that is not real

property in order to provide or secure financing or credit arrangements for the payment of the cost of any service, item or residency arrangement provided by such Member of the Combined Group to any patient, customer or resident;

(13) ***Restrictive Gifts***: liens or encumbrances on property (or on the income therefrom) received by any Member of the Combined Group as a gift, grant, or bequest, if such lien or encumbrance constitutes or results from restrictions (other than the requirement that the grantee thereof make payment in respect of Debt incurred by the grantor with respect to such property) placed on such gift, grant, or bequest (or on the income therefrom) by the grantor thereof;

(14) ***Debt Secured by Donations and Gifts***: security interests in pledges to make a donation, gift, or other charitable contribution to a Member of the Combined Group that secure Debt, the principal of which is fully secured by such security interests in pledges to make a donation, gift, or other charitable contribution to a Member of the Combined Group on or before the Stated Maturity of such Debt;

(15) ***Mortgage***: the lien and security interest in favor of the Trustee under the Mortgage and any other mortgage executed pursuant to Section 8.24 hereof and any amendments, restatements, extensions, renewals, or replacements thereof in accordance with the terms hereof and thereof;

(16) ***Accounts Receivable***: any mortgages, liens, charges, pledges, or other security interests or encumbrances of, on, or in accounts receivable and the proceeds thereof with a fair market value not more than 125% of the AR Line of Credit so secured;

(17) ***De Minimis Liens***: any mortgage, lien or other encumbrance securing Debt in the aggregate amount of less than \$250,000;

(18) ***Refunding Liens***: any mortgage, lien, charge, pledge, or other security interest or encumbrance of, on, or in any property of a Member of the Combined Group securing Debt that is incurred to refinance Debt previously secured by such mortgage, lien, charge, pledge, or other security interest or encumbrance, *provided* that the aggregate principal amount of such new Debt does not exceed the aggregate principal amount of such refinanced Debt;

(19) ***Third Party Payor Recoupment***: statutory or contractual liens on money and receivables securing rights of third party payors to recoupment of amounts paid to any Member of the Combined Group;

(20) ***Certain Easements, Etc.***: easements, leases, reservations, or other rights of others in property for streets, roads, bridges, pipes, pipelines, railroads, electric transmission and distribution lines, telegraph and telephone lines, the removal of oil, gas, coal, or other minerals, and other similar purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution, and zoning laws and defects and irregularities in the record evidence of title, *provided* that such easements, leases, reservations, rights, restrictions, laws, defects, and irregularities do not materially affect the marketability of title to such property, or the use of such property for

the purposes for which it is held, *if* such property is material to the operation of the businesses of the Combined Group taken as a whole;

(21) ***Liens on Servient Estates:*** liens securing indebtedness not created, assumed, or guaranteed by any Member of the Combined Group nor on account of which any Member customarily pays interest, existing at the date of this Indenture, or, as to property hereafter acquired, at the time of acquisition by any such Person, upon lands over which easements or rights-of-way are acquired by any such Person for any of the purposes specified in *Clause (20)* of this definition, which liens do not materially impair the use of such easements or rights-of-way for the purposes for which they are held by such Person;

(22) ***Minor Irregularities:*** any irregularities in or deficiencies of title to any real estate used or to be used primarily for right-of-way purposes, *provided* that any Member of the Combined Group shall have obtained from the apparent owner of the lands or estates therein covered by any such right-of-way a sufficient right, by the terms of the instrument granting such right-of-way, to the use thereof for the construction, operation, or maintenance of the lines, appurtenances, or improvements for which the same are used or are to be used;

(23) ***Mineral Interests:*** any charge or encumbrance arising from a conveyance by any Member of the Combined Group of a production payment with respect to mineral deposits owned or leased by such Member; farm-out or carried working interest agreements for development by any Member of the Combined Group or others of non-producing leases or non-producing portions of oil or gas producing properties; and participations in joint-operating agreements, unitization agreements and operations covering, in each case, oil and gas producing properties; *provided* that an oil or gas royalty, overriding royalty, or production payment shall not be deemed to be a charge or encumbrance upon the related working interest;

(24) ***Salary and Wages:*** liens or privileges of any employees of any Member of the Combined Group for salary or wages earned but not yet payable;

(25) ***Priority Claims of Debtors:*** claims of creditors entitled to priority under the so-called “six months rule” as applied by courts of equity in proceedings for the administration of insolvent corporations;

(26) ***Defeasance Deposits:*** any lien on, security interest in, or pledge of money or obligations deposited with a trustee or escrow agent to cause Master Debt or Debt to be no longer outstanding in accordance with the instrument under which such Master Debt or Debt is issued;

(26) ***Existing Liens:*** any mortgage, lien, charge, encumbrance, pledge or other security interest with respect to property of a Member of the Combined Group which is existing on the effective date of this Indenture; any existing mortgage, lien, charge, encumbrance, pledge or other security interest existing with respect to property of an Obligated Affiliate, a Restricted Affiliate or a Designated Affiliate on the date such Person becomes an Obligated Affiliate, a Restricted Affiliate or a Designated Affiliate,

respectively; and any renewal of any mortgage, lien, charge, encumbrance, pledge or other security interest described in this *Clause (28)* in connection with the replacement, extension, or renewal of the Debt secured thereby, *provided* that no such mortgage, lien, charge, encumbrance, pledge or other security interest may be extended, renewed, or modified to spread to any property of such Person not subject to such mortgage, lien, charge, encumbrance, pledge or other security interest on such effective date, *except* to the extent that such mortgage, lien, charge, encumbrance, pledge or other security interest, as so extended, renewed, or modified, could have been granted or created under any provision of this Indenture;

(27) *Set Off Rights*: any right of set-off, any right to exercise a banker's lien, or any right of attachment authorized under a credit or liquidity facility issued to secure or support other Debt;

(28) *Within the Combined Group*: any mortgage, lien, charge, pledge, or other security interest or encumbrance by any Member of the Combined Group as security for Debt owed to any other Member of the Combined Group;

(29) *Ordinary Course Encumbrances*: any other lien or encumbrance created or incurred in the ordinary course of business that does not secure, directly or indirectly, the repayment of Debt and which does not, individually or in the aggregate and in the judgment of the Combined Group Representative, materially impair the value or the utility of the property subject to such lien or encumbrance;

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

"Prepayment Premium" means the applicable prepayment or redemption premium applicable to outstanding Master Debt, including, but not limited to the Redemption Premium (as defined in the 2020 Taxable Bond Indenture), applicable to an optional redemption of the Related Bonds pursuant to the 2020 Taxable Bond Indenture.

"Pride Pharmaceuticals" means Pride Pharmaceuticals, LLC, a Florida limited liability company.

"Pride Pharmacy" means Pride Pharmacy, LLC, a Florida limited liability company.

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

"Property, Plant and Equipment" means all Property which is property, plant and equipment under generally accepted accounting principles.

"Rating Agency" means each of Fitch, Moody's and S&P, which at the time has a credit rating assigned to any series of Master Debt (or any other Debt secured by Master Debt) at the request of the Combined Group Representative.

“Related Bond Trustee” means U.S. Bank National Association, its successors and assigns.

“Related Bonds” means the CAN Community Health, Inc. Series 2020 Taxable Bonds, issued pursuant to the 2020 Taxable Bond Indenture.

“Related Rights” means all Chattel Paper (as such term is defined in Article 9 of the UCC), documents (as such term is defined in Article 9 of the UCC), and/or instruments (as such term is defined in Article 9 of the UCC) relating to Accounts, General Intangibles, Unrestricted Receivables, Contract Rights, and Bank Accounts and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to Accounts, General Intangibles, Unrestricted Receivables, Contract Rights, or Bank Accounts or any such chattel paper, documents, and/or instruments.

“Reporting Date” means concurrently with the delivery of Financial Statements to the Trustee pursuant to *Section 8.10B*.

“Reporting Website” means a non-public, password-protected website maintained by the Obligated Group Agent, which is accessible to the Reporting Information Recipients.

“Reporting Information Recipients” means the Owners or Beneficial Owners of the Related Bonds, *bona fide* prospective purchasers of the Related Bonds, *bona fide* market makers in the Related Bonds affiliated with any initial purchaser of the Related Bonds and *bona fide* securities analysts (to the extent providing analysis of investment in the Related Bonds) and any Holder of Master Debt hereunder which is designated as a Reporting Information Recipient under the related documentation.

“Responsible Officer” when used with respect to the Trustee means the officer in the corporate trust department or any similar business unit of the Trustee having direct responsibility for the administration of this Indenture.

“Restricted Affiliate” means, at any date, any Affiliate (other than an Obligated Affiliate or a Designated Affiliate) of any Obligated Affiliate which meets the following requirements:

(1) **No Other Ownership:** either (a) such Affiliate is a non-stock, membership entity of which one or more Obligated Affiliates, or one or more Restricted Affiliates, are the sole members, or a non-stock, non-membership entity, or a trust the sole beneficiaries of which are one or more Obligated Affiliates, or one or more Restricted Affiliates, or (b) all of the outstanding shares of stock of such Affiliate (other than directors’ qualifying shares or shares required to be owned by directors under any applicable law) are owned by the Combined Group;

(2) **Power to Control:** if such Affiliate is a non-stock entity or a trust, one or more Obligated Affiliates has the right to elect or appoint and to remove, with or without cause, all directors or trustees thereof (or all directors or trustees of one or more other Restricted Affiliates which have such right), and a permitted power of such Affiliate is to pay (or to transfer funds to an Obligated Affiliate to pay) Master Debt; and

(3) ***Current Qualification:*** such Affiliate is not an Obligated Affiliate or a Designated Affiliate, has become a Restricted Affiliate pursuant to *Section 9.03*, and has not thereafter been released from its status as a Restricted Affiliate pursuant to *Section 9.04*.

“Restricted Payment” means (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock or other equity interest of any Obligated Affiliate now or hereafter outstanding; (b) any redemption, conversion, exchange, retirement or similar payment, purchase or other acquisition for value, direct or indirect, or any shares of any class of stock or other equity interest of any Obligated Affiliate now or hereafter outstanding and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock or other equity interest of an Obligated Affiliate now or hereafter outstanding.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., or any successor to its credit rating business.

“Seller Notes” means, collectively (i) the Promissory Note of Pride Pharmaceuticals and Pride Pharmacy in favor of Inomeds, LLC, a Florida limited liability company, in the original principal amount of \$1,200,000, dated as of December 30, 2020; and (ii) the Promissory Note of Midland Medical and Midland Research in favor of Midland Medical Incorporated, a Florida corporation, in the original principal amount of \$800,000, dated as of December 30, 2020.

“Senior Master Debt” means any Master Debt issued hereunder that is not Subordinate Master Debt.

“Series 2020 Taxable Bonds” means the CAN Community Health, Inc. Series 2020 Taxable Bonds issued by CAN pursuant to the Taxable Bond Indenture.

“Short-Term,” when used in respect of Debt, means Debt that matures not more than (and may not be extended or renewed at the option of debtor to a date which is more than) one year from the date of incurrence, extension, or renewal, and is not subject to a binding commitment to refinance or other arrangement to provide for payment of such Debt over a term greater than one year beyond the date of incurrence, extension, or renewal.

“Stated Maturity” when used with respect to any Debt or any installment of interest thereon means the date specified in such Debt or in the coupon representing such installment of interest as the fixed date on which the principal of such Debt or such installment of interest is due and payable, and when used in connection with Master Debt that is not Debt means the date for payment of the same.

“Subordinate,” when used in respect of Debt, means Debt that is expressly made subordinate and junior in right of payment of principal of (and premium, if any) and interest and other debt service charges on all Senior Master Debt issued pursuant to this Indenture, on terms and conditions which substantially require that (i) no payment on account of principal of (and premium, if any) or interest or other debt service charges on such Subordinate Debt shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of such Subordinate Debt, unless full payment of all amounts then due and owing upon Maturity or

Stated Maturity of Senior Master Debt issued under this Indenture have been made or duly provided for in accordance with the terms of such Senior Master Debt; and (ii) no payment on account of principal of (and premium, if any) or interest or other debt service charges on such Subordinate Debt shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of such Subordinate Debt if, at the time of such payment or application, or immediately after giving effect thereto, (1) there shall exist a default in the payment of the principal of (and premium, if any) or interest or other debt service charges on any Senior Master Debt, (2) there shall have occurred an Event of Default, and such Event of Default shall not have been cured or waived or shall not have ceased to exist or (3) the payment of such Subordinate Debt will result in an Event of Default hereunder.

“Subordinate Master Debt” means any Master Debt issued hereunder on a basis immediately subordinate to the Senior Master Debt.

“Subordinated Continuing Guaranties” means (i) the Continuing Guaranty dated as of December 14, 2020, between MidlandCAN, as guarantor, and Midland Medical Incorporated, a Florida corporation, as holder and (ii) the Continuing Guaranty dated as of December 14, 2020, between MidlandCAN, as guarantor, and Inomeds, LLC, a Florida limited liability company, as holder.

“System” means the Person that all of the financial results of the Combined Group consolidate into or, if no such single Person exists, the group of Persons comprised of all Members of the Combined Group and all of their Affiliates.

“System Financial Statements” means the consolidated and consolidating financial statements prepared in accordance with generally accepted accounting principles, which include financial information of the Members of the Combined Group and of any Affiliate the financial information of which is required by generally accepted accounting principles to be consolidated with the financial information of the Members of the Combined Group.

“Tampa Family Pharmacy” means Tampa Family Pharmacy, LLC, a Florida limited liability company.

“Testing Date” means each June 30, commencing June 30, 2021.

“Trademark License” shall mean any agreement, now or hereafter in effect, granting to any third Person any right to use any Trademark now or hereafter owned by any Obligated Affiliate or that any Obligated Affiliate otherwise has the right to license, or granting to any Obligated Affiliate any right to use any Trademark now or hereafter owned by any third Person, and all rights of any Obligated Affiliate under any such agreement.

“Trademarks” shall mean all of the following now owned or hereafter acquired by any Obligated Affiliate: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, and all registrations and recordings thereof, and all applications for registration and recording applications filed in connection therewith in the United States Patent

and Trademark Office (or any successor office or any similar office in any other country) or any similar offices in any State of the United States or any other country or any political subdivision thereof, and all extensions or renewals thereof, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

“Threshold Amount” means the greater of (a) three percent (3%) of Book Value or, at the option of the Combined Group Representative, three percent (3%) of the Current Value of the Property, Plant and Equipment of the Combined Group, or (b) One Million Dollars (\$1,000,000) plus an amount equal to One Million Dollars (\$1,000,000) multiplied by a percentage equal to the aggregate percentage increase or decrease in the Construction Index from its level as of January 1, 2021.

“Total Debt” shall mean all Debt owed by the Obligated Group.

“Total Leverage Ratio” shall mean, for any period, Total Debt for such period divided by EBITDA for such period, provided that such calculation shall not be rounded up from the thousandth to the nearest hundredth.

“Trust Estate” has the meaning stated in the habendum to the *Granting Clauses* of this Indenture.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and, thereafter, **“Trustee”** shall mean such successor Trustee.

“UCC” means, with respect to each Obligated Affiliate, the Uniform Commercial Code as in effect from time to time of the jurisdiction in which such Obligated Affiliate is located.

“Unrestricted Receivables” means all accounts, health care insurance receivables (*but only* to the extent not prohibited by applicable law) and assignable general intangibles arising therefrom now owned or hereafter acquired by an Obligated Affiliate; *excluding, however*, any such items derived from or consisting of (a) gifts, grants, bequests, donations, and contributions restricted to a purpose other than the payment of Master Debt or of operating expenses, and (b) accounts, receivables, or other amounts received by such Person as agent for or on behalf of any other Person who is not an Obligated Affiliate.

“Value” of any Property of any Person means, at the option of such Person, either the Book Value of such Property or the Current Value of such Property.

“2020 Taxable Bond Indenture” means the Bond Indenture dated December 30, 2020, from CAN to the Related Bond Trustee, pursuant to which CAN is issuing its Series 2020 Taxable Bonds.

Section 1.02. *Acts of Holders of Master Debt.*

A. *Acts of Holders.* Any request, demand, authorization, direction, notice, consent, waiver, or other action provided by this Indenture to be given or taken by the Holders of Master Debt may be embodied in and evidenced by one or more instruments of substantially similar tenor

signed by such Holders in person or by an agent duly appointed in writing, and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, if hereby expressly required, to the Combined Group Representative and the Obligated Affiliates. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “*Act*” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Combined Group Representative and the Obligated Affiliates and (subject to *Section 5.01*) in favor of the Trustee, if made in the manner provided in this Section.

B. *Proof of Execution.* The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to such notary public or other officer the execution thereof. Whenever such execution is by an officer or member of a corporation, partnership or other entity on behalf of such corporation, partnership or other entity, such certificate or affidavit shall also constitute sufficient proof of such officer’s or member’s authority. The fact and date of execution by any Person of any such instrument or writing and the authority of such Person to execute the same may also be proved in any other manner which the Trustee deems sufficient. The Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

C. *Proof of Ownership.* The ownership of Master Debt shall be proved by the Master Debt Register.

D. *Binding Effect.* Any request, demand, authorization, direction, notice, consent, waiver, or other action by a Holder of Master Debt shall bind every future Holder of the same obligation and the Holder of every obligation issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee, the Combined Group Representative, or any Obligated Affiliate in reliance thereon, whether or not notation of such action is made upon such obligation.

Section 1.03. *Notices, Etc., to Trustee, Combined Group Representative, and Combined Group.*

Any request, demand, authorization, direction, notice, consent, waiver, or Act of Holders of Master Debt or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

A. *Trustee:* the Trustee by any Holder of Master Debt, the Combined Group Representative, any Member of the Combined Group, any Affiliate of the Combined Group Representative, or any Affiliate of any Member of the Combined Group shall be sufficient for every purpose hereunder if made, given, furnished, or filed in writing to or with the Trustee at the designated corporate trust office of the Trustee in Orlando, Florida, or if in writing and mailed, first-class postage prepaid, to the Trustee addressed to it at 225 East Robinson Street, Suite 250, Orlando, Florida 32801, Attention: Global Corporate Trust or if given to the Trustee by email to leanne.duffy@usbank.com, in either case marked

Attention: Global Corporate Trust, or at such other address or to such other number furnished in writing to such Person by the Trustee, or

B. *Combined Group Representative and Members of the Combined Group:* the Combined Group Representative and any Member of the Combined Group by the Trustee or any Holder of Master Debt shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to such Person addressed to it at 4440 Fruitville Road, Sarasota, Florida 34232, Attention: Chief Financial Officer, or if given to the Combined Group Representative by e-mail, to mlifland@cancommunityhealth.org, or at such other address furnished in writing to the Trustee by such Person.

Where this Indenture provides for notice to Holders of Master Debt of any event, such notice shall be sufficiently given (*unless* otherwise herein expressly provided) if in writing and mailed to each Holder of Master Debt by first-class mail, postage prepaid, at the address of such Holder as it appears in the Master Debt Register, not later than the latest date, and not earlier than the earliest date, if any, prescribed for the giving of such notice. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of Master Debt shall affect the sufficiency of such notice with respect to other Holders of Master Debt. When the Trustee notifies the Holders of Master Debt of any event hereunder, the Trustee will also request the Related Bond Trustee to send notice to the owners of all of the Related Bonds outstanding. The Related Bond Trustee shall provide any direction or consent hereunder on behalf of the Holders of the requisite principal amount of the Related Bonds as the initial Controlling Master Debt. By authenticating the 2020 Taxable Bond Indenture as Master Debt under this Indenture, the Related Bond Trustee agrees to comply with the provisions of this Section 1.03.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Written waivers of notice by Holders of Master Debt shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

The Trustee agrees to accept and act upon Electronic Notice of written instructions and/or direction pursuant to this Indenture. If the party sending the Electronic Notice elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Obligated Group, any Holder of Master Debt or any other party sending such Electronic Notice pursuant to this Indenture agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 1.04. *Form and Contents of Documents Delivered to Trustee.*

Whenever 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 officer of any Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such 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 officer of any Person stating that the information with respect to such factual matters is in the possession of such Person, 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.

Whenever 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.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that any Person shall deliver any document as a condition of the granting of such application, or as evidence of compliance by any Person 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 such Person to have such application granted or to the sufficiency of such certificate or report, but all action taken hereunder pursuant to any such application or certificate shall be final and effective in favor of all Persons who have relied thereon without knowledge of any untruth or inaccuracy of such facts and opinions.

Section 1.05. *Compliance Certificates and Opinions.*

Upon any application or request by any Person to the Trustee to take any action under any provision of this Indenture, such Person shall, *if* the Trustee shall so request, furnish to the Trustee an Officer's Certificate or Opinion of Counsel stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, *except* that in the case of any such application or request as to which the furnishing of such document is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Section 1.06. *Certain Certificates and Reports; Generally Accepted Accounting Principles.*

Whenever the amount or date of any of the following is a condition to any act permitted hereunder,

A. any of:

(i) Total Leverage Ratio, EBITDA, Fixed Charge Coverage Ratio, or Interest Expense of any Persons for the period then required,

(ii) principal of (and premium, if any) and interest and other debt service charges on any Debt,

(iii) the “*book value*” of Property as of any date, and

(iv) the “*market value*” of investments or property of the Combined Group as of any date,

shall be established by an Officer’s Certificate of the Combined Group Representative stating the amount of such item and that such amount has been derived, to the extent applicable and subject to the provisions of this Section, from the Financial Statements for the most recently ended Fiscal Year or from the unaudited financial statements covering the applicable period if not required to be a Fiscal Year, *provided* that Total Leverage Ratio, EBITDA, Fixed Charge Coverage Ratio and Interest Expense, may be adjusted, at the election of the Combined Group Representative, to eliminate items relating to transactions between Persons who are Obligated Affiliates, Restricted Affiliates or Designated Affiliates, as applicable, but whose financial information is reflected in separate Financial Statements or financial statements, as though such items were intercompany items and such Persons’ financial information was combined in a single set of Financial Statements or financial statements; and

B. unless otherwise specified herein, the “*fair market value*” of property of the Combined Group shall be established by an Officer’s Certificate of the Combined Group Representative stating the amount of such fair market value.

Provisions referring to the preparation of Financial Statements or financial statements or the determination of specific elements appearing in Financial Statements or financial statements in accordance with generally accepted accounting principles in the United States shall mean the generally accepted accounting principles at such time for the Person in question, *subject, however*, to the following:

(i) the Combined Group or the System may, but shall not be required to, record as revenue or receivables the estimated realizable value of pledges when such pledges are made;

(ii) in addition to the departures from GAAP in the United States described in *Clauses (i), (iii) and (iv)*, for the determinations, certifications, computations or other

actions hereunder (including calculations of Total Leverage Ratio, EBITDA, Fixed Charge Coverage Ratio and Interest Expense), the Combined Group Representative may elect in an Officer's Certificate delivered to the Trustee to utilize GAAP in the United States used in the preparation of the Financial Statements for the fiscal year ended June 30, 2021;

(iii) in addition to the departures from GAAP in the United States described in *Clauses (i), (ii) and (iv)*, the Combined Group Representative may elect in an Officer's Certificate delivered to the Trustee to utilize generally accepted accounting principles in the United States or any related standard or pronouncement in effect as of the date of a determination, certification, computation, or other action hereunder, until such time as such an election is made with respect thereto to utilize GAAP or any related standard or pronouncement coming into effect subsequent to the date of such prior election; and

(iv) in addition to the departures from GAAP in the United States described in *Clauses (i), (ii) and (iii)*, such departures as are necessary for the preparation of any special purpose financial statements delivered pursuant to *Section 8.10B*.

Notwithstanding any other provision herein to the contrary,

1. if the Combined Group wishes to effect a transaction for which it is necessary to determine or report certain financial information based upon Financial Statements for the immediately preceding Fiscal Year or the most recently ended Fiscal Year, and either:

(a) fewer than 150 days have passed since the end of such Fiscal Year and Financial Statements for such Fiscal Year are not available that have been audited by an independent certified public accountant and contain such independent certified public accountant's report thereon (or are otherwise contained in Financial Statements that have been audited by an independent certified public accountant and contain such independent certified public accountant's report thereon), the Combined Group may effect the transaction in question if the appropriate conditions are met, as evidenced by, at the election of the Combined Group Representative, information contained in (i) the Financial Statements for the Fiscal Year preceding the one just ended or (ii) the unaudited financial statements of the Combined Group or the System for the Fiscal Year just ended, as applicable; or

(b) such Fiscal Year is a Fiscal Year ending on or prior to June 30, 2021 and Financial Statements for such Fiscal Year are not available that have been audited by an independent certified public accountant and contain such independent certified public accountant's report thereon (or are otherwise contained in Financial Statements that have been audited by an independent certified public accountant and contain such independent certified public accountant's report thereon), the Combined Group may effect the transaction in question if the appropriate conditions are met, as evidenced by information contained in the unaudited financial statements of the Combined Group or the System, as applicable, for the prior four fiscal quarters or such lesser period of operations as is available;

2. if the Combined Group is permitted to effect a transaction hereunder using Financial Statements covering a period of less than 12 months (or such period has less than 12 months of operations) or using unaudited financial statements covering a period of less than 12 months (or such period has less than 12 months of operations), then, at the election of the Combined Group Representative, the required components of such calculation (other than the items directly derived from the Financial Statements or unaudited financial statements covering a period of less than 12 months or a period of operations having less than 12 months) shall be pro rated to reflect such shorter period; and

3. for any and all purposes of this Indenture (other than for the posting of Financial Statements to the Reporting Website pursuant to *Section 8.10*), including but not limited to computations or calculations of financial levels and ratios, and the application of any other quantitative financial tests or provisions, the Combined Group, at the option of the Combined Group Representative, may, unless the context specifically requires otherwise, utilize financial and other information either as shown on the most recent Combined Group Financial Statements or as shown on the most recent System Financial Statements (or financial statements for such lesser fiscal period as are available pursuant to *Clause 1(b)* above), and any reference in the related provision of this Indenture to Financial Statements shall be deemed to be a reference to the Combined Group Financial Statements or the System Financial Statements, as applicable (or financial statements for such lesser fiscal period as are available pursuant to *Clause 1(b)* above); *provided, however*, that the financial and other information shown on the most recent System Financial Statements may be used only if the total unrestricted revenues of the Obligated Group as shown on a consolidating schedule contained in such Financial Statements account for 90% or more of the consolidated total unrestricted revenues of the System as shown in such Financial Statements (or financial statements for such lesser fiscal period as are available pursuant to *Clause 1(b)* above).

Section 1.07. *Effect of Headings and Table of Contents.*

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.08. *Successors and Assigns.*

All covenants and agreements in this Indenture by the Combined Group Representative and the Obligated Affiliates shall bind their respective successors and assigns, whether so expressed or not.

Section 1.09. *Severability Clause.*

In case any provision in this Indenture or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

Section 1.10. *Benefits of Indenture.*

Nothing in this Indenture shall give to any Person, other than the parties hereto (including all Persons which have assumed the obligations of an Obligated Affiliate hereunder) and their successors hereunder, any separate trustee or co-trustee appointed under *Section 5.12*, any Paying Agent, and the Holders of Outstanding Master Debt, any benefit or any legal or equitable right, remedy, or claim under this Indenture.

Section 1.11. *Governing Law.*

This Indenture shall be construed in accordance with and governed by the laws of the State of Florida.

Section 1.12. *Directors, Officers, Employees, and Agents Exempt from Personal Liability.*

This Indenture is solely a corporate obligation of the Trustee, the Obligated Affiliates, the Restricted Affiliates and the Designated Affiliates, respectively, and no recourse under or upon any obligation, covenant, or agreement of this Indenture, or for any claim based hereon or otherwise in respect hereof, shall be had against any past, present, or future director, officer, employee, or agent, as such, of the Trustee, any Obligated Affiliate, any Restricted Affiliate, any Designated Affiliate, or any successor to any such Person, either directly or through such Person, whether by virtue of any constitution, statute, or rule of law, by the enforcement of any assignment or penalty, or otherwise. All such liability and claims against such directors, officers, employees, and agents are expressly waived as a condition of, and in consideration for, the execution and delivery of this Indenture.

Section 1.13. *Facsimile and Electronic Transmissions.*

The Trustee shall accept and act upon instructions or directions from the Combined Group Representative or any other Member of the Combined Group pursuant to this Indenture sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods, *provided* that the Combined Group Representative or any such other Member of the Combined Group shall have provided to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which such incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Combined Group Representative or any other Member of the Combined Group elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions, notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction, *subject to Section 5.01*. As set forth above, the Combined Group Representative and any such other Member of the Combined Group shall assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

Section 1.14. *Combined Group Representative.*

With respect to any Officer's Certificate, Consent, Order, Request, Application, or other certification, notice, demand, report or other communication required or permitted hereby to be delivered by one or more Members of the Combined Group or any officer or officers thereof to the Trustee, it shall be sufficient, notwithstanding any other provision hereof, for the same to be delivered on behalf of such Persons by the Person designated as the Combined Group Representative, and the signature of such Person (or, if such Person be other than an individual, of an Authorized Officer of such Person) shall suffice for each signature otherwise required by this Indenture to appear on such document. Each Obligated Affiliate hereby grants (and by agreeing to observe and perform the obligations of an Obligated Affiliate hereunder pursuant to *Section 9.01A*, a Person shall thereby grant), each Restricted Affiliate hereby grants (and by agreeing to observe and perform the obligations of a Restricted Affiliate hereunder pursuant to *Section 9.03A*, a Person shall thereby grant), and each Designated Affiliate hereby grants (and by agreeing to observe and perform the obligations of a Designated Affiliate hereunder pursuant to *Section 9.05A*, a Person shall thereby grant) to the Combined Group Representative the powers, in the name and stead of such Obligated Affiliate, Restricted Affiliate and Designated Affiliate, (1) to issue or consent to Debt becoming Master Debt under this Indenture and to execute and deliver such Master Debt, (2) to execute from time to time one or more indentures supplemental hereto in accordance with *Article Seven*, (3) to execute and deliver, in the name and on behalf of each Member of the Combined Group, any continuing disclosure undertaking or agreement relating to Debt that is Master Debt under this Indenture and (4) to execute and deliver, in the name and on behalf of each Member of the Combined Group or any officer thereof, any and all instruments or documents required or permitted to be executed and delivered hereunder. Notwithstanding the foregoing, the Combined Group Representative may direct that any Obligated Affiliate execute any and all documents related to Debt incurred by or for the benefit of such Obligated Affiliate.

The Obligated Group Agent is hereby designated as the initial Combined Group Representative. The Combined Group may at any time remove a Combined Group Representative and appoint another Obligated Affiliate to serve as Combined Group Representative by an Order from each Member of the Combined Group effecting such removal and appointment. Such Order or Orders shall state the date as of which such Combined Group Representative shall no longer have authority to act in such capacity, which date may not be earlier than the fifth Business Day following delivery to the Trustee of all Orders necessary to accomplish such removal, and the date as of which such new Combined Group Representative shall have authority to act as such.

Each delivery by the Combined Group Representative to the Trustee of any communication on behalf of a Member of the Combined Group will constitute a representation and warranty by the Combined Group Representative that it has received appropriate documentation from such Member of the Combined Group with respect to the subject matter of such communication, and that the Combined Group Representative is not aware of any fact that would lead it to believe that the statements contained in such communication are incorrect or incomplete.

Section 1.15. *References to Holders of Master Debt Secured by Credit Facilities.*

Anything in this Indenture to the contrary notwithstanding:

A. if (i) any Debt that is secured by or constitutes Master Debt is secured or enhanced by a letter of credit, line of credit, credit agreement, guarantee, insurance policy, surety bond, or similar credit enhancement or support for such Debt (collectively, “***Credit Support***”), (ii) the terms and conditions of such Credit Support or the instruments authorizing such Debt specify that the provider of such Credit Support (a “***Credit Support Provider***”) is deemed the holder of the related Master Debt, and (iii) the related Master Debt is not otherwise registered in the name of the Credit Support Provider in the Master Debt Register, then the Credit Support Provider shall be considered the Holder of such Master Debt hereunder for purposes of any request, demand, authorization, direction, notice, consent, waiver, or other action provided in this Indenture to be given or taken by the Holder of such Master Debt; and

B. if (i) any Master Debt is, or evidences and secures, Debt purchased in a bank direct private placement or similar transaction (each, a “***Bank Direct Purchase***”), (ii) the terms and conditions of such Bank Direct Purchase or the instruments authorizing such Debt specify that the purchaser of such Debt (a “***Bank Direct Purchaser***”) is deemed the holder of the related Master Debt, and (iii) the related Master Debt is not otherwise registered in the name of the Bank Direct Purchaser in the Master Debt Register, then the Bank Direct Purchaser shall be considered the Holder of such Master Debt hereunder for purposes of any request, demand, authorization, direction, notice, consent, waiver, or other action provided in this Indenture to be given or taken by the Holder of such Master Debt.

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ARTICLE TWO ISSUANCE OF MASTER DEBT

Section 2.01. *General Provisions.*

Promissory notes, drafts, bonds, guarantees, and other obligations which evidence or are Debt (or related fee, expense, reimbursement, indemnity, or Financial Hedge obligations or any obligations to reimburse advances or make other payments under a letter of credit, surety bond, bond insurance policy, bond purchase agreement, direct purchase agreement, or similar credit or liquidity obligations, in each case whether entered into before, contemporaneously with, or after the incurrence of such Debt) of any Obligated Affiliate shall become Master Debt hereunder and shall be entitled to the benefits hereof, *pari passu* with all other Outstanding Senior Master Debt or Outstanding Subordinate Master Debt, as applicable, from time to time upon Application by the Combined Group Representative and receipt in every case by the Trustee of the following:

A. *Resolution:* a Governing Body Resolution of such issuing Obligated Affiliate authorizing the incurrence of such Debt (or related fee, expense, reimbursement, indemnity, or Financial Hedge obligation or any obligations to reimburse advances under a letter of credit, surety bond, bond insurance policy, bond purchase agreement, direct purchase agreement, or similar credit or liquidity obligations, in each case whether entered into before, contemporaneously with, or after the incurrence of such Debt);

B. *Officer's Certificate:* an Officer's Certificate of the Combined Group Representative, dated within 10 days of the date of such Application, (i) stating that no Default or Event of Default exists and that all conditions precedent provided for in this Indenture relating to the creation, assumption, or guarantee of such Debt (or any such related obligation) as Master Debt hereunder have been complied with, and (ii) specifying whether such proposed Master Debt shall constitute Senior Master Debt or Subordinate Master Debt;

C. *Majority Bondholder consent:* the prior written consent of the Owners or Beneficial Owners of a majority of the outstanding principal amount of the Related Bonds; and

D. *Opinion of Counsel:* an Opinion of Counsel to the effect that:

(1) *Compliance with Conditions:* all conditions precedent provided for in this Indenture relating to the creation, assumption, or guarantee of such Debt (or any such related obligation) as Master Debt hereunder have been complied with, and

(2) *Binding Parity Obligations:* subject to customary exceptions, such Master Debt is a legal, valid, and binding obligation of such issuing Obligated Affiliate enforceable in accordance with its terms and entitled to the benefits of this Indenture, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors' rights generally and usual equity principles.

Section 2.02. Fully Registered Form.

All Master Debt shall be payable to the Holder thereof and shall be transferable on the Master Debt Register solely as provided in *Section 2.04*.

Section 2.03. Certificate of Authentication.

No promissory note, draft, bond, guarantee or other obligation shall be entitled to the benefits of this Indenture or be considered Master Debt hereunder, unless a certificate of authentication substantially in the form set forth in this Section shall be reproduced thereon and shall be executed by the Trustee or the Authenticating Agent therefor by manual signature. Such certificate shall be conclusive evidence, and the only evidence, that such promissory note, draft, bond, guarantee or other obligation has been duly authenticated hereunder and that the Master Debt it evidences is entitled to the benefits hereof. The form of such certificate of authentication shall be as follows:

CERTIFICATE OF AUTHENTICATION

This instrument *[is/evidences]* Master Debt which is *[Senior Master Debt/Subordinate Master Debt]*, each as defined in and subject to the Master Trust Indenture *[described therein/dated December 30, 2020, from CAN Community Health, Inc. and the Obligated Affiliates named therein to [Name of Trustee], as trustee,]* and is registered in the Master Debt Register therefor as No. _____.

[Name of Authenticating Agent],
as Authenticating Agent

[Name of Trustee],
as Trustee
-or-

By _____
Authorized Signature

By _____
Authorized Signature

Section 2.04. Registration, Transfer, and Exchange of Master Debt.

The Combined Group Representative shall cause to be kept at the designated corporate trust office of the Trustee a register (herein referred to as the “**Master Debt Register**”) in which, subject to such reasonable regulations as the Combined Group Representative and the Trustee may prescribe, the Combined Group Representative shall provide for the registration and transfer of Master Debt as herein provided. The Trustee is hereby appointed “**Master Debt Registrar**” for the purpose of registering the Master Debt and transfers of Master Debt as herein provided. At reasonable times and under reasonable regulations established by the Trustee, the Master Debt Register may be inspected and copied by any Member of the Combined Group, the Holder of any Master Debt, or the authorized representative thereof, *provided* that the ownership by such Holder and the authority of any such designated representative shall be evidenced to the Trustee.

Upon surrender for transfer of any evidence of Master Debt at the designated corporate trust office of the Trustee, the Obligated Affiliate which created, assumed, or guaranteed such Debt shall execute, and the Trustee (or Authenticating Agent, as and if applicable) shall authenticate, number (with a number not contemporaneously outstanding on the Master Debt Register), and

deliver, in the name of the designated transferee or transferees, one or more new evidences of such Master Debt of the same priority hereunder and authorized under the instrument by which such Master Debt is authorized.

At the option of the Holder thereof, any evidence of Master Debt may be exchanged for one or more new evidences of such Master Debt of the same priority hereunder to the extent so authorized under the instrument by which such Master Debt is authorized, upon surrender of such evidence of Master Debt to be exchanged at the designated corporate trust office of the Trustee. Whenever any such evidence of Master Debt is so to be surrendered for exchange, the Obligated Affiliate which created, assumed, or guaranteed such Master Debt shall execute, and the Trustee (or Authenticating Agent, as and if applicable) shall authenticate, number (with a number not contemporaneously outstanding on the Master Debt Register), and deliver, one or more evidences of such Master Debt of the same priority hereunder and authorized under the instrument by which such Master Debt is authorized.

The Trustee shall promptly cancel all evidence of Master Debt surrendered upon any such exchange or transfer and thereafter shall maintain such evidence in accordance with the standard retention policies of the Trustee and thereafter shall dispose of such evidence on Order of the Combined Group Representative.

All evidence of Master Debt issued upon any such transfer or exchange shall evidence a valid obligation of each Obligated Affiliate and the same Master Debt, and such Master Debt shall be entitled to the same benefits under this Indenture as the Master Debt surrendered upon such transfer or exchange.

Every evidence of Master Debt presented or surrendered for transfer or exchange shall (if so required by the Combined Group Representative or the Master Debt Registrar) be duly endorsed, or be accompanied by written instrument of transfer in form satisfactory to the Master Debt Registrar duly executed, by the Holder thereof or an attorney for such Holder duly authorized in writing.

No service charge shall be made for any transfer or exchange of evidence of Master Debt, but the Combined Group Representative or the Obligated Affiliate, as the case may be, which created, assumed or guaranteed such Debt or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange thereof.

Upon the effectiveness of any supplement, modification, amendment or restatement of this Indenture, new evidences of Master Debt so modified as to conform to any such supplement, modification, amendment or restatement may be prepared by the Combined Group Representative, at its expense. Upon delivery to the Trustee of (i) such new evidences of Master Debt executed by the Combined Group Representative or such issuing Obligated Affiliate, (ii) a Request by the Combined Group Representative to authenticate such new evidences of Master Debt, and (iii) an Opinion of Counsel to the effect that (A) all conditions precedent provided for in this Indenture relating to the authentication and delivery of such new evidences of Master Debt hereunder have been complied with, and (B) subject to customary exceptions, such new evidences of Master Debt are the legal, valid, and binding obligation of the Combined Group Representative or such issuing

Obligated Affiliate enforceable in accordance with their terms and entitled to the benefits of this Indenture, the Trustee shall authenticate such new evidences of Master Debt and the existing evidences of Master Debt shall be exchanged for such new evidences of Master Debt by the holders thereof at the designated corporate trust office of the Trustee, without cost to any such holder.

Section 2.05. *Mutilated, Destroyed, Lost, and Stolen Evidence of Master Debt.*

If (i) any mutilated evidence of Master Debt is surrendered to the Trustee, (ii) the Combined Group Representative, the Trustee and the Obligated Affiliate that created, assumed, or guaranteed such Master Debt (if different than the Combined Group Representative) have each received evidence to its satisfaction of the destruction, loss, or theft of any evidence thereof, and (iii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee and the Combined Group Representative to save each of the Trustee and the Obligated Affiliates harmless, then, in the absence of notice to the Trustee, the Combined Group Representative or the Obligated Affiliate that created, assumed, or guaranteed such Master Debt (if different than the Combined Group Representative) that such Master Debt has been acquired by a *bona fide* purchaser, the Combined Group Representative shall execute, and upon its Request the Trustee (or Authenticating Agent, as and if applicable) shall authenticate and deliver, in exchange for or in lieu of such mutilated, destroyed, lost, or stolen evidence of Master Debt, new evidence of such Master Debt of the same priority hereunder and authorized under the instrument by which such Master Debt is authorized, and bearing a registration number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen evidence of Master Debt has become or is about to become due and payable, the Combined Group Representative in its discretion may, instead of issuing new evidence of Master Debt pursuant to this Section, pay such Master Debt when due.

Every new evidence of Master Debt authenticated and delivered pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen evidence of such Master Debt shall be entitled to all the benefits of this Indenture, equally and ratably with all other Outstanding Master Debt of the same priority, except as otherwise provided herein.

Section 2.06. *Persons Deemed Owners.*

The Trustee, the Combined Group Representative, any Member of the Combined Group, and any agent of any of them may treat the Person in whose name any Master Debt is registered as the owner of such Master Debt for all purposes whatsoever, except as otherwise provided in *Section 1.15*, and, to the extent permitted by law, none of such Persons shall be affected by notice to the contrary.

* * *

ARTICLE THREE

DEFEASANCE

Section 3.01. *Payment of Master Debt; Satisfaction and Discharge of Indenture.*

Whenever the following conditions shall exist, namely:

- A. no Master Debt shall remain Outstanding;
- B. the Obligated Affiliates have paid or caused to be paid all sums payable hereunder by such Obligated Affiliates other than the Master Debt; and
- C. the Combined Group Representative has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each of which shall state that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with;

then, upon Request of the Combined Group Representative, this Indenture and the rights and interests created hereby shall cease, determine, and become null and void and the Trustee and each co-trustee, separate trustee and Paying Agent, if any, then acting as such hereunder shall execute and deliver such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer, and deliver to the Combined Group Representative or upon Order of the Combined Group Representative all cash, securities, and other personal property then held by it hereunder.

In the absence of a Request of the Combined Group Representative as aforesaid, the payment of all Outstanding Master Debt shall not render this Indenture inoperative or prevent any Obligated Affiliate from creating, assuming, or guaranteeing Debt as Master Debt hereunder from time to time thereafter as herein provided.

Notwithstanding the satisfaction and discharge of this Indenture the obligations of the Obligated Affiliates to the Trustee under *Section 5.07* shall survive.

Section 3.02. *Release of Master Debt of Obligated Affiliate.*

Whenever any Obligated Affiliate has been released from its obligations and status as an Obligated Affiliate pursuant to the provisions of *Section 9.02*, any Debt of such Obligated Affiliate that has become Master Debt hereunder pursuant to the provisions of *Section 2.01* may cease to be Master Debt and no longer be entitled to the benefits of this Indenture, including particularly the obligations of all remaining Obligated Affiliates provided in *Section 8.01*, if (i) such release is provided for in the terms and conditions of such Master Debt, or (ii) the Holder of such Master Debt provides the Trustee with written consent to such release; *provided, however*, that notwithstanding *Clauses (i) and (ii)*, the Master Debt of such Obligated Affiliate arising solely by operation of the guarantee of such Obligated Affiliate provided in *Section 8.01* shall terminate upon the release of such Obligated Affiliate.

* * *

ARTICLE FOUR REMEDIES

Section 4.01. *Events of Default.*

“*Event of Default*,” wherever used herein, means any one of the following events (whatever the reason for such event 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. ***Senior Interest Default:*** default in the payment of any interest or similar debt service charges upon any Senior Master Debt when such interest or similar debt service charges become due and payable and following the expiration of the applicable period of grace therefor, if any, therein provided; or

B. ***Senior Principal Default:*** default in the payment of the principal of (or premium, if any) or similar debt service charges or other payment obligation on any Senior Master Debt at its Maturity and following the expiration of the applicable period of grace therefor, if any, therein provided; or

C. ***Subordinate Interest Default:*** if no Senior Master Debt is then Outstanding, default in the payment of any interest or similar debt service charges upon any Subordinate Master Debt when such interest or similar debt service charges become due and payable and following the expiration of the applicable period of grace therefor, if any, therein provided; or

D. ***Subordinate Principal Default:*** if no Senior Master Debt is then Outstanding, default in the payment of the principal of (or premium, if any) or similar debt service charges or other payment obligation on any Subordinate Master Debt at its Maturity and following the expiration of the applicable period of grace therefor, if any, therein provided; or

E. ***Covenant Default:*** default in the performance, or breach, of any covenant or warranty of any Member of the Combined Group in this Indenture, the Mortgage or the Aircraft security agreement when executed and delivered to the Trustee pursuant to Section 8.23 hereof (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and except with respect to Sections 6.01, 8.04, 8.07, 8.08, 8.09, 8.10, 8.13, 8.17, 8.22, 8.25, 8.26, 8.27, 8.28, 8.30, 8.31 and 8.32 hereof for which no grace period shall apply, continuance of such default or breach for a period of 60 days after there has been given, by overnight delivery or by registered or certified mail, to the Combined Group Representative by the Trustee, or by the Holders of more than a majority in principal amount of the Outstanding Master Debt with a copy to the Trustee, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “*Notice of Default*” hereunder; or

F. ***Involuntary Bankruptcy Proceeding:*** either (1) the filing of a petition for relief against any Obligated Affiliate, Restricted Affiliate or Designated Affiliate the assets of which exceed 10% of the assets of the Combined Group determined on a consolidated

basis after eliminating intercompany items in accordance with generally accepted accounting principles, under the United States Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or (2) the entry of a decree or order by a court having jurisdiction in the premises appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of or for any such Person or any substantial part of the properties of any such Person or ordering the winding up or liquidation of the affairs of any such Person, and in case of either *Clause (1)* or (2) the continuance of any such proceeding undismissed or any such decree or order unstayed and in effect for a period of 90 consecutive days; or

G. *Voluntary Bankruptcy Proceeding:* the commencement by any Obligated Affiliate, Restricted Affiliate or Designated Affiliate the assets of which exceed 10% of the assets of the Combined Group determined on a consolidated basis after eliminating intercompany items in accordance with generally accepted accounting principles, of a voluntary case under the United States Bankruptcy Code, as now or hereafter constituted, or any other applicable federal or state law of similar import, or the consent or acquiescence by any such Person to the commencement of a case under such Code or law or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of any such Person or any substantial part of the properties of any such Person, or the making by any such Person of an assignment for the benefit of creditors, or the admission by any such Person in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by any such Person in furtherance of any such action; or

H. *Master Debt Cross Default:* an event of default, as therein defined, or the declaration of acceleration under any instrument (i) under which Master Debt is created, assumed, or guaranteed, (ii) under which Debt secured by Master Debt is issued, incurred, or secured, or (iii) that governs an event of default on or the acceleration of Master Debt, and in each case following the expiration of the applicable grace period, if any; *provided, however,* that if any such event of default or declaration of acceleration and its consequences under such instrument shall be cured or waived, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been cured or waived; and *provided further* that any early termination of a Financial Hedge that results in payments due thereunder shall not constitute a declaration of acceleration under this *Subsection H* unless such early termination is the result of or causes an event of default thereunder; or

I. *Debt Cross Default:* an event of default, as therein defined, shall have occurred under any instrument (i) under which Debt of an Obligated Affiliate with an initial principal amount exceeding \$1,000,000 (other than Master Debt issued and Outstanding hereunder) is created, assumed, or guaranteed, or (ii) that governs an event of default on or the acceleration of Debt of an Obligated Affiliate with an initial principal amount exceeding \$1,000,000 (other than Master Debt issued and Outstanding hereunder), and as a result of such event of default such Debt shall have been accelerated, in each case following the expiration of the applicable grace period, if any; *provided, however,* that if any such event of default or declaration of acceleration and its consequences under such instrument shall be cured or waived, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been cured or waived; and *provided further* that any early

termination of a Financial Hedge that results in payments due thereunder shall not constitute a declaration of acceleration under this *Subsection I* unless such early termination is the result of or causes an event of default thereunder; or

J. *Iberia Cross Default:* an event of default, as therein defined, shall have occurred under the Iberia Bilateral Loan Agreement, in each case following the expiration of the applicable grace period, if any; *provided, however*, that if any such event of default and its consequences under such instrument shall be cured or waived, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been cured or waived; or

K. *Mortgage Documents Cross Default:* an event of default, as therein defined, shall have occurred under the Mortgage, in each case following the expiration of the applicable grace period, if any; *provided, however*, that if any such event of default and its consequences under such instrument shall be cured or waived, then the Event of Default hereunder by reason thereof shall be deemed likewise to have been cured or waived; or

K. *Judgment:* the entry by a court having jurisdiction of a final, non-appealable judgment, decree or order against any Obligated Affiliate for the payment of money in an amount that exceeds any applicable insurance coverage, self-insurance or reserves by more than \$1,000,000, and there has elapsed a period of 60 consecutive days during which a stay of enforcement of such judgment, decree or order is not in effect.

Section 4.02. *Acceleration of Maturity; Rescission and Annulment.*

Except as otherwise provided in any Master Debt (or in any instrument under which such Master Debt is issued), if an Event of Default occurs and is continuing (other than an Event of Default under Section 4.01(F) or (G) hereof), then and in every such case the Trustee or the Holders of more than a majority in principal amount of the Controlling Master Debt may declare the principal of all Master Debt to be due and payable immediately, by a notice in writing to the Combined Group Representative (and to the Trustee, if given by such Holders), and upon any such declaration such principal shall become immediately due and payable. An Event of Default under Section 4.01(F) or (G) hereof shall result in an automatic acceleration of the Master Debt Outstanding, whereby the principal of all Master Debt Outstanding, together with the then applicable prepayment price, together with accrued interest thereon, shall become immediately due and payable at the place provided therein.

Notwithstanding the foregoing, the Trustee shall not accelerate all of the Master Debt and shall not make a claim against the Obligated Affiliates (other than an Obligated Affiliate which has issued Master Debt as to which an Event of Default exists) unless it shall have first accelerated the Master Debt as to which an Event of Default exists (and, at the discretion of the Trustee, subject to the provisions of this Indenture, any other Master Debt issued by the same Obligated Affiliate) and made demand on a Business Day upon the Obligated Affiliate that issued the same for the payment in full thereof (and of interest, premium, if applicable, and other amounts in respect thereof) and failed to receive payment of the same on the Business Day following making such demand.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Master Debt has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Controlling Master Debt (unless such declaration has been made only with respect to a portion of all Outstanding Master Debt, in which event only the Holders of a majority in principal amount of such portion of such Outstanding Master Debt) may, by written notice to the Combined Group Representative and the Trustee, rescind and annul such declaration and its consequences *if*:

A. *Payment of Arrears:* the Combined Group Representative or the Obligated Affiliates have deposited with the Trustee a sum sufficient to pay:

(1) all overdue installments of interest and similar debt service charges on all Master Debt,

(2) all payment obligations on any Master Debt which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Master Debt,

(3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Master Debt or by law if no provision is made therefor in the Master Debt, and

(4) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and counsel; and

B. *No Event of Default:* all Events of Default, other than the nonpayment of payment obligations on Master Debt which have become due solely by such declaration of acceleration, have been cured or waived as provided in *Section 4.14*.

No such rescission and annulment shall affect any subsequent Default or Event of Default or impair any right consequent thereon.

It is understood and agreed that if the Master Debt is accelerated for any reason, including because of default, the commencement of any insolvency proceeding or other proceeding pursuant to the United States Bankruptcy Code (including that by operation of law or otherwise), the Prepayment Premium, if any, determined as of the date of acceleration will also be due and payable as though such Master Debt were voluntarily redeemed as of such date, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder's lost profits as a result thereof. Any Prepayment Premium payable in accordance with the immediately preceding sentence shall be presumed to be the liquidated damages sustained by each Holder as the result of the early termination and the Company agrees that it is reasonable under the circumstances currently existing. The Prepayment Premium, if any, shall also be payable (i) in the event the Master Debt is satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means and/or (ii) upon the satisfaction, release, payment, restructuring, reorganization, replacement, reinstatement, defeasance or compromise of any of the Master Debt in any insolvency proceeding or other proceeding pursuant to the United States Bankruptcy Code,

foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other means or the making of a distribution of any kind in any insolvency proceeding to the Holders, in full or partial satisfaction of the Master Debt. THE OBLIGATED GROUP EXPRESSLY WAIVES THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREPAYMENT PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION INCLUDING IN CONNECTION WITH ANY VOLUNTARY OR INVOLUNTARY ACCELERATION OF THE MASTER DEBT PURSUANT TO ANY INSOLVENCY PROCEEDING OR OTHER PROCEEDING PURSUANT TO THE UNITED STATES BANKRUPTCY CODE OR PURSUANT TO A PLAN OF REORGANIZATION. The Obligated Group expressly agrees that: (A) the Prepayment Premium is reasonable and are the product of an arm's length transaction between sophisticated business people, represented by counsel and (B) the Prepayment Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made. The Obligated Group Agent expressly acknowledges that its agreement to pay the Prepayment Premium as herein described is a material inducement to the Beneficial Owners to purchase the Related Bonds constituting Senior Master Debt.

Section 4.03. *Suits for Enforcement.*

In case an Event of Default shall occur and be continuing, the Trustee may, subject to the provisions of *Section 4.13*, proceed to protect and enforce its rights and the rights of the Holders of Master Debt under this Indenture or the Mortgage by a suit, action, or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Indenture or the Mortgage or in aid of the execution of any power granted in this Indenture or the Mortgage or for the enforcement of any other legal, equitable, or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee and the Holders of Master Debt.

Section 4.04. *Covenant to Pay Trustee Amounts Due on Master Debt and Right of Trustee to Judgment.*

Each Obligated Affiliate covenants that, if:

A. default is made in the payment of any interest or similar debt service charge on any Master Debt when such interest or charge becomes due and payable, or

B. default is made in the payment of the principal of (or premium, if any) or similar debt service charge or other payment obligation on any Master Debt at its Maturity,

then upon demand of the Trustee, each Obligated Affiliate will pay to the Trustee for the benefit of the Holders of such Master Debt in the aggregate the whole amount then due and payable on such Master Debt for principal (and premium, if any) and interest and other debt service charges and payment obligations with interest at the respective rate or rates prescribed therefor in such Master Debt on overdue principal (and premium, if any) and, to the extent that payment of such interest is legally enforceable, on overdue installments of interest; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements, and advances of the Trustee and its agents and

counsel. If the Obligated Affiliates fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to sue for and recover judgment against the Obligated Affiliates, or any of them, for the whole amount so due and unpaid.

Section 4.05. *Application of Money Collected.*

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest or other debt service charges or payment obligations, upon presentation of the Master Debt and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

A. *First:* to the payment of all amounts due the Trustee, the Master Debt Registrar, each Paying Agent and the Authenticating Agent under *Section 5.07*;

B. *Second:* to the payment of the whole amount then due and unpaid upon the Outstanding Senior Master Debt, for principal (and premium, if any) and interest and other debt service charges and payment obligations, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Senior Master Debt of the several series) on overdue principal (and premium, if any) and on overdue installments of interest and other debt service charges and payment obligations; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Senior Master Debt, then to the payment of such principal, premium, interest, and other debt service charges and payment obligations, without any preference or priority, ratably according to the aggregate amount so due;

C. *Third:* to the payment of the whole amount then due and unpaid upon the Outstanding Subordinate Master Debt, for principal (and premium, if any) and interest and other debt service charges and payment obligations, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Subordinate Master Debt of the several series) on overdue principal (and premium, if any) and on overdue installments of interest and other debt service charges and payment obligations; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Subordinate Master Debt, then to the payment of such principal, premium, interest, and other debt service charges and payment obligations, without any preference or priority, ratably according to the aggregate amount so due; and

D. *Fourth:* to the payment of the remainder, if any, to the Obligated Affiliates as their interests may appear or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Section 4.06. *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 any Obligated Affiliate, or any other obligor on Master Debt or the property of any Obligated Affiliate,

or such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Master Debt 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 such Obligated Affiliate or other obligor for the payment of overdue principal, premium, interest, or other debt service charge or payment obligation) shall be entitled and empowered, by intervention in such proceeding or otherwise:

A. *To Make Claims:* to file and prove a claim for the whole amount of principal (and premium, if any) and interest and other debt service charges and payment obligations owing and unpaid in respect of the Outstanding Master Debt 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 Holders of Master Debt allowed in such judicial proceeding, and

B. *To Collect Money:* to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Holder of Master Debt 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 Holders of Master Debt, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under *Section 5.07*.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Master Debt any plan of reorganization, arrangement, adjustment, or composition affecting the Master Debt or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any such Holder in any such proceeding.

Section 4.07. *Trustee May Enforce Claims Without Possession of Master Debt.*

All rights of action and claims under this Indenture, the Mortgage or the Master Debt may be prosecuted and enforced by the Trustee without the possession of any of the Master Debt or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust.

Section 4.08. *Limitation on Suits.*

No Holder of any Master Debt shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture or the Mortgage, or for the appointment of a receiver or trustee or for any other remedy hereunder, *unless*:

A. *Notice to Trustee:* such Holder has previously given written notice to the Trustee of a continuing Event of Default;

B. *Request of Trustee:* the Holders of more than a majority in principal amount of the Controlling Master Debt shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

C. *Offer of Indemnity:* such Holder or Holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses, and liabilities to be incurred in compliance with such request;

D. *Failure to Proceed:* the Trustee for 60 days after the receipt of such notice, request, and offer of indemnity has failed to institute any such proceeding; and

E. *No Inconsistent Direction:* no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Controlling Master Debt;

it being understood and intended that no one or more Holders of Master Debt shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture or the Mortgage to affect, disturb, or prejudice the rights of any other Holders of Master Debt, or to obtain or to seek to obtain priority or preference over any other Holders, or to enforce any right under this Indenture or the Mortgage, except in the manner herein and therein provided and for the equal and ratable benefit of all Outstanding Master Debt and the Holders thereof, and except as otherwise contemplated hereby or thereby or provided herein or therein.

Section 4.09. *Unconditional Right of Holders of Master Debt to Receive Principal, Premium, Interest, and Other Debt Service Charges and Payment Obligations.*

Notwithstanding any other provision of this Indenture, but subject to the provisions of such Master Debt and any other instrument under which Master Debt may be created, assumed, or guaranteed, the Holder of any Master Debt shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest and other debt service charges and payment obligations on such Master Debt on the respective Maturities and Stated Maturities expressed in such Master Debt (or, in the case of redemption, on the date for such redemption) and to institute suit for the enforcement of any such payment, and (in the case of Master Debt of any series convertible into other securities) the right to convert such Master Debt in accordance with the provisions thereof and of the indenture or other instrument pursuant to which it is issued and to institute suit for its enforcement, and such rights shall not be impaired without the consent of such Holder.

Section 4.10. *Restoration of Positions.*

If the Trustee or any Holder of Master Debt has instituted any proceeding to enforce any right or remedy under this Indenture or the Mortgage and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Holder, then and in every such case the Combined Group Representative, the Obligated Affiliates, the Restricted Affiliates, the Designated Affiliates, the Trustee, and the Holders of Master Debt 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 Holders of Master Debt shall continue as though no such proceeding had been instituted.

Section 4.11. *Rights and Remedies Cumulative.*

No right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Master Debt is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.12. *Delay or Omission Not Waiver.*

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

Section 4.13. *Control by Holders of Master Debt.*

The Holders of a majority in principal amount of the Controlling Master Debt shall have the right, during the continuance of an Event of Default:

A. *To Require Enforcement:* to require the Trustee to proceed to enforce this Indenture or the Mortgage by judicial proceedings or for the enforcement of the payment of the Master Debt or by foreclosure of the lien of this Indenture or the Mortgage, or by the exercise of the power of sale hereby conferred, any one or more; and

B. *To Direct Proceedings:* 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, *provided* that:

(1) such direction shall not be in conflict with any rule of law or this Indenture or the Mortgage,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee shall not have determined that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction.

Section 4.14. *Waiver of Defaults.*

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in this Article, the Holders of not less than a majority in principal amount of the

Controlling Master Debt may, by Act of such Holders delivered to the Trustee and the Combined Group Representative, on behalf of the Holders of all the Master Debt, waive any Default or Event of Default hereunder and its consequences, *except* a Default or Event of Default which shall only be waived in writing by the Holders of all Controlling Master Debt:

A. in the payment of the principal of (or premium, if any) or interest or other debt service charges or payment obligations on any Master Debt (except a rescission of acceleration of Master Debt by the Holders of a majority in principal amount of the Controlling Master Debt and a waiver in writing of the payment default that resulted from such acceleration), or

B. in respect of a covenant or provision hereof which under *Article Seven* cannot be modified or amended without the consent of the Holders of all Outstanding Master Debt affected.

Upon any such waiver, such Default or Event of Default shall cease to exist and shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 4.15. *Undertaking for Costs.*

All parties to this Indenture (including every Person which has assumed the covenants and warranties of an Obligated Affiliate hereunder) agree, and each Holder of any Master Debt by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or the Mortgage, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder of Master Debt, or group of such Holders, holding in the aggregate more than a majority in principal amount of the Controlling Master Debt, or to any suit instituted by any Holder of Master Debt for the enforcement of the payment of the principal of (or premium, if any) or interest or other debt service charges or payment obligations on any Master Debt on or after the respective Maturities or Stated Maturities expressed in such Master Debt (or, in the case of redemption, on or after the date for redemption).

Section 4.16. *Remedies Subject to Applicable Law.*

All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture or the Mortgage invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 4.17. *Event of Default Not Affecting All Series of Master Debt.*

In case an Event of Default affecting the rights of the Holders of Master Debt of any one or more series that does not similarly affect the rights of Holders of all other series of Master Debt at the time Outstanding shall have occurred and be continuing, then whatever action may or shall be taken under this Article upon the occurrence of such Event of Default by or upon the request of the Holders of a specified percentage in principal amount of the Controlling Master Debt then Outstanding (including without limitation any declaration that the principal of such Outstanding Master Debt is due and payable immediately pursuant to *Section 4.02*) may or shall be taken in respect of the Master Debt then Outstanding of the series as to which such Event of Default shall have been made, by or upon the request of the Holders of the same percentage in principal amount of the Controlling Master Debt of such series then Outstanding; *provided, however*, that if such Event of Default only affects the rights of the Holders of Subordinate Master Debt while any Senior Master Debt is Outstanding, any action taken pursuant to this Section shall remain subject to the rights granted to the Holders of the Controlling Master Debt pursuant to this Article.

In particular, and without limiting the generality of the foregoing, the Trustee may determine that an Event of Default caused by the act, omission or failure of one Person affects primarily the rights of the Holders of Master Debt issued by such Person, or affects primarily the rights of the Holders of Senior Master Debt or Subordinate Master Debt, and does not similarly affect the rights of Holders of other Master Debt.

Section 4.18. *Powers of Disposition.*

In case an Event of Default shall occur and be continuing, the Trustee may, *subject* to the provisions of *Section 4.13*:

A. *Sell Trust Estate:* sell, subject to any mandatory requirements of applicable law, the Trust Estate as an entirety, or in such portions as the Holders of a majority in principal amount of the Controlling Master Debt shall in writing request or, in the absence of such request, as the Trustee may determine, to the highest bidder at public auction at such place and at such time (which sale may be adjourned by the Trustee from time to time by announcement at the time and place fixed for such sale, without further notice) and upon such terms as the Trustee may fix; or

B. *Apply Collateral:* as to all or any part of the Collateral,

(1) *Exercise UCC Rights:* proceed under the UCC and exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the UCC, including without limitation the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease, or utilize, the Collateral and any part or parts thereof in any manner authorized or permitted under the UCC after default by a debtor, and, to the extent permitted by law, the Combined Group Representative and the Obligated Affiliates expressly waive any notice of sale or other disposition of the Collateral and any other rights and remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of the Trustee as secured party upon the

occurrence and continuance of an Event of Default hereunder, and, to the extent any such notice is required and cannot be waived, the Combined Group Representative and the Obligated Affiliates agree that if such notice is mailed, postage prepaid, to the Combined Group Representative at its address stated in *Section 1.03* at least five days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice,

(2) ***Take Possession Collateral:*** take possession of the Collateral and enter upon any premises where the same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned and take any action deemed necessary or appropriate or desirable by the Trustee, at its option and in its discretion, to repair, refurbish, or otherwise prepare the Collateral for sale, lease, or other use or disposition as herein authorized,

(3) ***Take Possession of Proceeds:*** transfer at any time to itself or to its nominee the Collateral, or any part thereof, and receive the money, income, proceeds, or benefits attributable or accruing thereto and hold the same as security for the Outstanding Master Debt or apply the same as herein provided, and

(4) ***Require Assembly:*** require the Obligated Affiliates to assemble the Collateral and make it available to the Trustee at a place to be designated by the Trustee that is reasonably convenient to all parties.

The filing of a suit to foreclose any lien, mortgage, or security interest hereunder shall never be considered an election so as to preclude foreclosure under any power of sale herein contained after dismissal of such a suit.

Section 4.19. *Incidents of Sale.*

Upon any sale of any of the Trust Estate, whether made under the power of sale hereby given or pursuant to judicial proceedings, to the extent permitted by law:

A. ***Bidding Master Debt:*** any Holder or Holders of Outstanding Master Debt or the Trustee may bid for and purchase the property offered for sale, and upon compliance with the terms of sale may hold, retain, and possess and dispose of such property, without further accountability, and may, in paying the purchase money therefor, deliver any Outstanding Master Debt or claims for interest thereon in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon, and such Master Debt, in case the amounts so payable thereon shall be less than the amount due thereon, shall be returned to the Holders thereof after being appropriately marked to show partial payment;

B. ***Transfer of Title:*** the Trustee may make and deliver to the purchaser or purchasers a good and sufficient deed, bill of sale, and instrument of assignment and transfer of the property sold;

C. *Power to Transfer:* the Trustee is hereby irrevocably appointed the true and lawful attorney of the Combined Group Representative and the Obligated Affiliates, in their name and stead, to make all necessary deeds, bills of sale, and instruments of assignment and transfer of the property thus sold; and for that purpose it may execute all necessary deeds, bills of sale, and instruments of assignment and transfer, and may substitute one or more persons, firms, or corporations with like power, the Combined Group Representative and the Obligated Affiliates hereby ratifying and confirming all that their said attorney or such substitute or substitutes shall lawfully do by virtue hereof; but if so requested by the Trustee or by any purchaser, the Combined Group Representative and the Obligated Affiliates shall ratify and confirm any such sale or transfer by executing and delivering to the Trustee or to such purchaser or purchasers all proper deeds, bills of sale, instruments of assignment and transfer, and releases as may be designated in any such request;

D. *Perpetual Bar:* all right, title, interest, claim, and demand whatsoever, either at law or in equity or otherwise, of the Combined Group Representative and the Obligated Affiliates of, in, and to the property so sold shall be divested and such sale shall be a perpetual bar both at law and in equity against the Combined Group Representative and the Obligated Affiliates and their successors and assigns, and against any and all persons claiming or who may claim the property sold or any part thereof from, through, or under the Combined Group Representative and the Obligated Affiliates and their successors and assigns; and

E. *Release of Purchaser:* the receipt of the Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at such sale for its or their purchase money and such purchaser or purchasers and its or their assigns or personal representatives shall not, after paying such purchase money and receiving such receipt, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication, or non-application thereof.

The Trustee shall be entitled to sue and recover judgment as aforesaid either before, after, or during the pendency of any proceedings for the enforcement of the lien of this Indenture or the Mortgage, and in case of a sale of the Trust Estate and the application of the proceeds of sale as aforesaid, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon the Outstanding Master Debt, for the benefit of the Holders thereof, and shall be entitled to recover judgment for any portion of the same remaining unpaid, with interest as aforesaid. No recovery of any such judgment upon any property of the Combined Group Representative or any Obligated Affiliate shall affect or impair the lien of this Indenture upon the Trust Estate or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the Holders of Master Debt.

Section 4.20. *Receiver.*

Upon the occurrence of an Event of Default and commencement of judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled, as against the Combined Group Representative and each Obligated Affiliate, without notice or demand and

without regard to the adequacy of the security for the Master Debt or the solvency of the Combined Group Representative and the Obligated Affiliates, to the appointment of a receiver of the Trust Estate, and of the rents, issues, profits, revenues, and other income thereof, if any, but, notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of, and to collect and receive the income from, cash, securities, and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder; *provided* that any receiver appointed pursuant to this Indenture shall satisfy the requirements for a receiver in the Mortgage (to the extent applicable).

Section 4.21. *Waiver of Appraisalment and Other Laws.*

To the full extent that it may lawfully so agree, neither the Combined Group Representative nor any Obligated Affiliate will at any time insist upon, plead, claim, or take the benefit or advantage of any appraisalment, valuation, stay, extension, or redemption law now or hereafter in force in order to prevent or hinder the enforcement of this Indenture or the absolute sale of the Trust Estate, or any part thereof, or the possession thereof by any purchaser at any sale under this Article; and the Combined Group Representative and the Obligated Affiliates, for themselves and all who may claim under them, so far as they now or hereafter may lawfully do so, hereby waive the benefit of all such laws. The Combined Group Representative and the Obligated Affiliates, for themselves and all who may claim under them, waive, to the extent that they may lawfully do so, all right to have the property in the Trust Estate marshaled upon any foreclosure hereof, and agree that any court having jurisdiction to foreclose this Indenture may order the sale of the Trust Estate as an entirety.

If any law in this Section referred to and now in force, of which the Combined Group Representative or any Obligated Affiliate or its successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section.

Section 4.22. *Suits to Protect the Trust Estate.*

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts that may be unlawful or in violation of this Indenture or the Mortgage and to protect its interests and the interests of the Holders of Master Debt in the Trust Estate and in the rents, 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 be prejudicial to the interests of the Holders of Master Debt or the Trustee.

Section 4.23. *Treatment of Financial Hedge Obligations.*

For Master Debt that evidences or secures a Financial Hedge, and subject to the definition of “*Outstanding*” in *Section 1.01*:

(a) regularly scheduled or periodic payments owed to a counterparty under a Financial Hedge that is evidenced by or secured as Master Debt shall be treated as payments of interest on such Master Debt for purposes of this Article and *Section 8.01*; and

(b) termination payments, settlement payments, or other payments not included in *Clause (a)* above owed to a counterparty under a Financial Hedge that is evidenced by or secured as Master Debt will be treated as payments of principal on such Master Debt for purposes of this Article and *Section 8.01*.

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ARTICLE FIVE THE TRUSTEE

Section 5.01. *Certain Duties and Responsibilities.*

A. *Prior to Event of Default.* Except during the continuance of an Event of Default known to the Trustee:

(1) ***Limited Undertaking:*** the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) ***Reliance Upon Documents:*** in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, orders, requests or opinions furnished to the Trustee and conforming to the requirements of this Indenture. The Trustee is under no duty to investigate the sufficiency or accuracy of such documents provided to it, including pursuant to Section 1.05 or 1.06 hereof.

B. *During Event of Default.* In case an Event of Default known to the Trustee has occurred and is continuing, 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 person would exercise or use under the circumstances in the conduct of such person's own affairs.

C. *Liability for Gross Negligence.* No provision of this Indenture shall be construed to relieve the Trustee from liability for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct, *except* that:

(1) ***Subsection A Controls:*** this Subsection shall not be construed to limit the effect of *Subsection A* of this Section or *Section 5.03*;

(2) ***Not Liable for Good Faith Judgment:*** the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was gross negligent in ascertaining the pertinent facts;

(3) ***Not Liable for Following Authorized Directions:*** 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 Holders of a majority in principal amount of the Controlling Master Debt 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;

(4) ***Not Required to Risk Own Funds:*** no provision of this Indenture (including *Subsection B* of this Section) shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers;

(5) ***Duty to Take Action:*** the Trustee shall have no responsibility to take any action with regard to any report, certificate or other information delivered to the Trustee pursuant to this Indenture except as is set forth in this Indenture; and

(6) ***Knowledge of Defaults:*** no Default or Event of Default shall be deemed to be known to the Trustee, *unless* such Default or Event of Default (a) is proved to be actually known by the Trustee, or (b) is specified in written notice received by the Trustee from the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate, any Designated Affiliate or any Holder of Master Debt.

D. *General Applicability.* Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

Section 5.02. *Notice of Defaults.*

Within 90 days after the occurrence of any Default hereunder known to the Trustee, the Trustee shall give notice of such Default to each Holder of Master Debt, unless such Default shall have been cured or waived; *provided, however,* that, except in the case of a Default in the payment of principal of (or premium if any) or interest or other debt service charges or payment obligations on any Master Debt or in the payment of any sinking or purchase fund installment with respect thereto, the Trustee shall be protected in withholding such notice if and so long as the Trustee, being advised by counsel, in good faith determines that the withholding of such notice is in the interests of the Holders of Master Debt; and *provided further* that in the case of any Default of the character specified in *Section 4.01E* no such notice shall be given to the Holders of Master Debt until at least 45 days after the occurrence thereof.

Section 5.03. *Certain Rights of Trustee.*

Except as otherwise provided in *Section 5.01*:

A. *Reliance on Documents:* the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, policy, notice, request, direction, consent, order, bond, coupon, or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties (and the Trustee shall not be required to verify the accuracy of any information or calculation included therein or attached thereto);

B. *Evidence of Action by Combined Group Representative:* any consent, request or direction of the Combined Group Representative mentioned herein shall be sufficiently evidenced by a Consent, Request or Order of the Combined Group Representative, and any resolution of the Governing Body of the Combined Group Representative may be sufficiently evidenced by a Governing Body Resolution of the Combined Group Representative;

C. *Evidence of Action by Member of Combined Group:* any consent, request or direction of any Member of the Combined Group mentioned herein shall be sufficiently evidenced by a Consent, Request or Order of such Member of the Combined Group and any resolution of the

Governing Body of such Member of the Combined Group may be sufficiently evidenced by a Governing Body Resolution of such Member of the Combined Group;

D. *Reliance on Officer's Certificates:* whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate of the Combined Group Representative;

E. *Reliance on Counsel:* the Trustee may consult with legal counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon;

F. *Right to Indemnity:* the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Master Debt pursuant to this Indenture, unless such Holders of Master Debt shall have furnished to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses, and liabilities which might be incurred by it in compliance with such request or direction and for payment of the Trustee's fees in connection therewith, and such indemnification shall survive the resignation or removal of the Trustee and termination of this Indenture;

G. *No Investigation Required:* the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, policy, notice, request, direction, consent, order, bond, coupon, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Combined Group Representative and each Obligated Affiliate, personally or by agent or attorney; provided that, the Trustee shall have no obligation to perform any of the duties of the Combined Group Representative or any Obligated Affiliate under this Indenture;

H. *Action through Agents:* 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, and may pay reasonable compensation to such agents and attorneys, and the Trustee shall not be responsible for any act, omission, misconduct, or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Trustee may act upon the opinion or advice of an attorney or agent selected by it in the exercise of reasonable care, and upon the opinion or advice of an attorney or agent retained by the Combined Group Representative or an Obligated Affiliate (if such reliance is permitted by the Combined Group Representative or Obligated Affiliate, as applicable, or such attorney). The Trustee shall not be responsible for any loss or damage resulting from any action or inaction based on its good faith reliance upon such opinion or advice. The Trustee may in all cases pay reasonable compensation to an attorney or agent retained or employed by it in connection herewith;

I. *Acting in Other Capacity:* to the extent the Person serving as Trustee is also acting in the capacity of Authenticating Agent, Paying Agent or Master Debt Registrar, the rights,

privileges, protections, benefits, immunities, and indemnities afforded to the Trustee pursuant to this Article shall also be afforded to such Person acting in such capacities;

J. *Actions Taken:* the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, unless it shall be proved that the Trustee was grossly negligent in taking such action;

K. *No Bond or Surety Required:* the Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers established by this Indenture;

L. *Monitoring:* the Trustee shall not be responsible for monitoring the existence of or determining whether any lien or encumbrance or other charge, including without limitation any permitted lien or encumbrance, exists against the Trust Estate;

M. *Observance of Covenants:* the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Combined Group Representative or an Obligated Affiliate herein except as may be expressly provided for herein.

N. *Survival:* the Trustee's rights to immunities and protection from liability hereunder will survive its resignation or removal and final payment or defeasance of the Master Debt;

O. *Not Responsible for Perfection:* the Trustee shall have no duty to see to any recording, filing, or depositing of this Indenture or any supplemental indenture, or any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording, filing, or depositing or to any rerecording, refilling, or redepositing of any thereof;

P. *Limitation on Damages:* the Trustee shall not be liable for special, indirect, or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

Q. *Permissive Rights:* permissive rights of the Trustee hereunder shall not be construed as duties of the Trustee.

Section 5.04. *Not Responsible for Recitals or Application of Money.*

The recitals contained herein shall be taken as the statements of the Obligated Affiliates, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to (i) the validity of the Master Debt, *except* the Trustee's certificate of authentication thereon, or of this Indenture in respect of the other parties hereto, (ii) the sufficiency of this Indenture or of the Master Debt, or (iii) the use of the proceeds of the Master Debt. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Combined Group Representative or any Obligated Affiliate thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder.

Section 5.05. *May Hold Master Debt.*

The Trustee and any Paying Agent, in its individual or any other capacity, may become the owner or pledgee of Master Debt and may otherwise deal with the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate, any Designated Affiliate or any Affiliate of the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate or any Designated Affiliate with the same rights it would have if it were not Trustee or Paying Agent.

Section 5.06. *Money Held in Trust.*

Money held by the Trustee in trust hereunder 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 money received by it hereunder except as otherwise agreed in writing with the Combined Group Representative or any Obligated Affiliate.

Section 5.07. *Compensation and Reimbursement.*

Each Obligated Affiliate agrees:

A. *Compensation:* to pay to the Trustee, each Paying Agent, the Authenticating Agent and the Master Debt Registrar from time to time reasonable compensation for all services, including extraordinary services, rendered by them hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

B. *Expenses:* except as otherwise expressly provided herein, to reimburse each such Person upon its request for all reasonable expenses, disbursements, and advances incurred or made by such Person in accordance with any provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel, and including the Authenticating Agent, each Paying Agent and the Master Debt Registrar if paid by the Trustee), except any such expense, disbursement, or advance as may be attributable to such Person's negligence or willful misconduct; and

C. *Indemnity:* to indemnify the Trustee, the Master Debt Registrar, each Paying Agent, and the Authenticating Agent for, and to hold each of them harmless against, any loss, liability, or expense (including actual losses and damages) incurred without gross negligence or willful misconduct on their part arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their powers or duties hereunder.

The right of the Trustee, the Master Debt Registrar, each Paying Agent, and the Authenticating Agent to compensation for services and indemnification for their costs and expenses hereunder, as applicable, shall survive any of their resignation or removal and termination of this Indenture.

As security for the performance of the obligations of the Obligated Affiliates under this Section, the Trustee shall be secured under this Indenture by a lien on the Trust Estate prior to the lien hereof securing the Master Debt, and for the payment of such compensation, expenses, reimbursements, and indemnity the Trustee shall have the right to use and apply any trust funds held by it hereunder.

Section 5.08. *Corporate Trustee Required; Eligibility.*

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers having a combined capital and surplus of at least \$250,000,000 subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. No corporation which acts as trustee for the owners of any Outstanding Debt secured by Master Debt shall be eligible to be the Trustee hereunder unless such corporation shall act as trustee for the owners of all Outstanding Debt which is so secured. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 5.09. *Resignation and Removal; Appointment of Successor.*

A. *Conditioned upon Acceptance by Successor.* No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under *Section 5.10*.

B. *Resignation.* The Trustee may resign at any time by giving written notice thereof to the Combined Group Representative and the Holders. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

C. *Removal Generally.* The Trustee may be removed at any time (1) by Act of the Holders of a majority in principal amount of the Controlling Master Debt, delivered to the Trustee and the Combined Group Representative, or (2) unless an Event of Default shall exist hereunder, by Order of the Combined Group Representative.

D. *Extraordinary Removal.* If at any time:

(1) *Ineligibility:* the Trustee shall cease to be eligible under *Section 5.08* and shall fail to resign after written request therefor by the Combined Group Representative, any Obligated Affiliate, or any Holder of Master Debt, or

(2) *Incapacity or Insolvency:* the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall

be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation,

then, in any such case, (a) the Combined Group Representative may remove the Trustee, or (b) subject to *Section 4.15*, any Holder of Master Debt who has been a *bona fide* Holder thereof for at least six months, on behalf of itself and all others similarly situated, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

E. *Appointment of Successor.* If the Trustee shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Controlling Master Debt and delivered to the Combined Group Representative and the then current Trustee, then the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the then current Trustee appointed by the Combined Group Representative. If no successor Trustee shall have been so appointed by the Holders of Controlling Master Debt and accepted appointment in the manner hereinafter provided, subject to *Section 4.15*, the Trustee or any Holder of Master Debt who has been a *bona fide* Holder thereof for at least six months, on behalf of itself and all others similarly situated, may petition any court of competent jurisdiction for the appointment of a successor Trustee.

F. *Notice of Resignation, Removal, and Appointment.* The Combined Group Representative shall give, or shall cause the retiring or the successor Trustee to give, notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of Master Debt. Each notice shall include the name of the successor Trustee and the address of its designated corporate trust office.

Section 5.10. *Acceptance of Appointment by Successor.*

Every successor Trustee appointed hereunder shall execute, acknowledge, and deliver to the Combined Group Representative and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed, or conveyance shall become vested with all the estates, properties, rights, powers, trusts, and duties of the retiring Trustee; but, on Request of the Combined Group Representative, any Obligated Affiliate, or the successor Trustee, such retiring Trustee shall, upon payment in full of all sums owed to it hereunder, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers, and trusts of the retiring Trustee, and shall duly assign, transfer, and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in *Section 5.07*. Upon request of any such successor Trustee, the Combined Group Representative, each Obligated Affiliate, each Restricted Affiliate and each Designated Affiliate shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers, and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

Section 5.11. *Merger, Conversion, Consolidation, or Succession to Business.*

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 succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 5.12. *Co-trustees and Separate Trustees.*

At any time or times, the Combined Group Representative, upon a direction of the Holders of a majority in principal amount of the Controlling Master Debt, and the Trustee shall have power jointly to appoint, and in such event the Combined Group Representative and each Obligated Affiliate shall for such purpose join with the Trustee in the execution, delivery, and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Holders of a majority in principal amount of the Controlling Master Debt either to act as co-trustee, jointly with the Trustee, or to act as separate trustee of any property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid any property, title, right, or power deemed necessary or desirable, subject to the other provisions of this Section. If the Combined Group Representative or any Obligated Affiliate does not join in such appointment within 30 days after the receipt of it of a direction by the Holders of a majority in principal amount of the Controlling Master Debt so to do, or in case an Event of Default has occurred and is continuing, such appointment shall nonetheless be effective.

Should any written instrument from the Combined Group Representative or any Obligated Affiliate be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right, or power, any and all such instruments shall, on request, be executed, acknowledged, and delivered by the Combined Group Representative or such Obligated Affiliate.

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

A. *Exclusive Powers of Trustee:* All rights, powers, duties, and obligations hereunder in respect of the custody of securities, cash, and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder shall be exercised solely by the Trustee;

B. *Joint Powers:* The rights, powers, duties, and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be

incompetent or unqualified to perform such act, in which event such rights, powers, duties, and obligations shall be exercised and performed by such co-trustee or separate trustee, and the Trustee shall have no responsibility therefor;

C. *Resignation and Removal:* The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Combined Group Representative, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Combined Group Representative. Upon the written request of the Trustee, the Combined Group Representative and each Obligated Affiliate shall join with the Trustee in the execution, delivery, and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

D. *No Personal Liability:* No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee or any other such co-trustee or separate trustee hereunder, and the Trustee shall not be personally liable for any act or omission of any co-trustee or separate trustee hereunder in the exercise of any right, power, duty, or obligation which may not be exercised jointly in accordance with *Subsection B* of this Section; and

E. *Acts of Holders of Master Debt:* Any Act of Holders of Master Debt delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 5.13. *Authenticating Agent.*

There may be one or more Authenticating Agents appointed by the Trustee, at the Request of the Combined Group Representative, with power to act on its behalf and subject to its direction in the authentication and delivery of Master Debt of each issue designated for such authentication by the Person which created, assumed, or guaranteed such Master Debt and containing provisions therein for such authentication in connection with transfers and exchanges under *Section 2.04*, as fully to all intents and purposes as though such Authenticating Agent had been expressly authorized by *Section 2.04* to authenticate and deliver Master Debt of such issue. The Trustee shall give written notice of any such appointment to the Combined Group Representative and the Holders of Master Debt of the applicable series. For all purposes of this Indenture, the authentication and delivery of Master Debt by any Authenticating Agent pursuant to this Section shall be deemed to be the authentication and delivery of Master Debt “*by the Trustee.*” Each Authenticating Agent so appointed shall at all times be a bank or trust company having an office in Orlando, Florida, or New York, New York, and shall at all times be a corporation organized and doing business under the laws of the United States or of any state with a combined capital and surplus of at least \$250,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. If any such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such

corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, consolidation, or conversion to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of such Authenticating Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and the Combined Group Representative. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and the Combined Group Representative. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent, in which case the Trustee shall give written notice of such appointment to the Combined Group Representative and the Holders of Master Debt of the applicable series.

The Combined Group Representative agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services and, to the extent the Trustee pays such compensation, the Trustee shall be entitled to be reimbursed for such payments subject to *Section 5.07*. The provisions of *Sections 2.06, 5.04, and 5.05* shall be applicable to any Authenticating Agent.

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**ARTICLE SIX
CONSOLIDATION, MERGER,
CONVEYANCE, OR TRANSFER**

Section 6.01. *Consolidation, Merger, Conveyance, or Transfer only on Certain Terms.*

No Obligated Affiliate shall consolidate or merge with any Person or convey or transfer its properties substantially as an entirety to any Person, unless either:

A. *Obligated Affiliate is Surviving Entity:* after giving effect to such consolidation, merger, conveyance or transfer, the successor, resulting, surviving or transferee Person is an Obligated Affiliate; or

B. *Other Mergers, Etc.:* all of the following conditions exist:

(1) *Supplement to Indenture:* the Person formed by such consolidation or merger, or the Person which acquires by conveyance or transfer the properties of such Obligated Affiliate substantially as an entirety, shall be a Person organized and existing under the laws of the United States of America or any state or the District of Columbia, and shall execute and deliver to the Trustee an instrument supplemental hereto containing (x) a grant, conveyance, transfer, security agreement, and mortgage complying with the provisions of *Section 6.02* and (y) an agreement of such Person to (i) pay and guarantee the principal of (and premium, if any) and interest and other debt service charges and payment obligations on all Master Debt on the terms provided in *Section 8.01*, and (ii) perform and observe every covenant and condition of this Indenture to be performed or observed by the Obligated Affiliate which is the subject of such consolidation, merger, conveyance, or transfer;

(2) *Financial Covenant Compliance Test:* the Obligated Group will be in pro forma compliance with *Section 8.26* and *Section 8.27* immediately after giving effect to such consolidation, merger, conveyance, or transfer;

(3) *Opinion of Counsel:* the Obligated Affiliate which is the subject of such consolidation, merger, conveyance, or transfer shall have delivered to the Trustee an Opinion of Counsel to the effect that (i) such consolidation, merger, conveyance, or transfer will not adversely affect the exclusion from gross income of interest under the Code on any Outstanding Master Debt or any Debt secured by Outstanding Master Debt and otherwise entitled to such exemption, and (ii) all conditions precedent herein provided for relating to such transaction have been complied with; and

(4) *Officer's Certificate:* the Obligated Affiliate which is the subject of such consolidation, merger, conveyance, or transfer shall have delivered to the Trustee an Officer's Certificate stating that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 6.02. *Successor Entity Substituted.*

Upon any consolidation or merger of, or any conveyance or transfer substantially as an entirety of the properties of, any Obligated Affiliate in accordance with *Section 6.01*, the successor Person formed by such consolidation or into which such Obligated Affiliate is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, such Obligated Affiliate under this Indenture with the same effect as if such successor Person had been named as such Obligated Affiliate herein; *provided, however*, no such conveyance or transfer of its properties substantially as an entirety shall have the effect of releasing any Person which has accepted the covenants and warranties of an Obligated Affiliate hereunder, or any successor Person which shall theretofore have become such in the manner prescribed in this Article, from its liability hereunder for payment of the principal of (and premium, if any) and interest and other debt service charges and payment obligations on the Master Debt, *unless* (i) such conveyance or transfer is followed by the complete liquidation of such Person and substantially all of its assets immediately following such conveyance or transfer are the assets of such successor Person received in such conveyance or transfer, or (ii) such Person is released from its obligations under this Indenture pursuant to the applicable provisions of *Article Nine*.

To the extent property, rights, privileges, and franchises then owned and which may thereafter be acquired by such successor Person are described in the *Granting Clauses* hereof, the supplemental instrument required by this Section shall contain a grant, conveyance, transfer, and mortgage in terms sufficient to include and subject to the lien of this Indenture, subject only to Permitted Encumbrances and any liens permitted by *Section 8.08*, all such property, rights, privileges, and franchises.

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**ARTICLE SEVEN
SUPPLEMENTAL INDENTURES**

Section 7.01. *Supplemental Indentures Without Consent of Holders of Master Debt.*

Without the consent of any Holder of Master Debt (except as otherwise provided in this Section), the Combined Group Representative and the Trustee may from time to time enter into one or more indentures supplemental hereto for any of the following purposes:

A. *To Restrict Master Debt:* to add additional conditions, limitations, and restrictions thereafter to be observed to the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of Debt or other obligations which may be qualified as Master Debt hereunder, as herein set forth; or

B. *To Evidence or Issue Master Debt:* to evidence that Debt or other obligations have become Master Debt hereunder in accordance with the provisions hereof, or to provide for the form, terms, conditions and provisions of such Master Debt issued hereunder (provided the Combined Group Representative shall have obtained any consents separately required under this Indenture relating to the evidence or issuance of Debt or Master Debt); or

C. *To Add or Remove Obligated Affiliates, Restricted Affiliates and Designated Affiliates:* to evidence the assumption by any Affiliate or other Person of the covenants and warranties of an Obligated Affiliate, a Restricted Affiliate or a Designated Affiliate hereunder or the release of an Obligated Affiliate, a Restricted Affiliate or a Designated Affiliate from such status in accordance with the provisions hereof (provided the Combined Group Representative shall have obtained any consent separately required under this Indenture relating to addition or removal of Obligated Affiliates, Restricted Affiliates or Designated Affiliates hereunder); or

D. *To Evidence Succession:* to evidence the succession of another Person to the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate, any Designated Affiliate, the Trustee, the Master Debt Registrar, any Authenticating Agent, or any Paying Agent and the assumption by any such successor of the covenants of such Person herein contained in accordance with the provisions hereof (provided the Combined Group Representative shall have obtained any consent required under this Indenture in connection with such succession); or

E. *To Add Restrictive Covenants:* to add to the covenants of the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate or any Designated Affiliate for the benefit of the Holders of all or any series of Master Debt (including a deemed Holder as provided in *Section 1.15*) or to surrender any right or power herein conferred upon the Combined Group Representative, any Obligated Affiliate, any Restricted Affiliate or any Designated Affiliate; or

F. *To Qualify under Trust Indenture Act:* to modify, eliminate, or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification

of this Indenture under the Trust Indenture Act of 1939, as in force at the date of such qualification, or under any similar federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by the Trust Indenture Act of 1939, *excluding, however*, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act of 1939 as in effect at the date as of which this instrument was executed or any corresponding provision in any similar federal statute hereafter enacted; or

G. *To Grant or Adjust Liens:* *subject to Section 8.08*, to grant a lien on or security interest in any property as security for payment of the Master Debt, to correct or amplify the description of any property at any time subject to such lien or security interest, or better to assure, convey, and confirm unto the Trustee any property subject or required to be subjected to such lien or security interest; or

H. *To Respond to Changes in GAAP:* to modify any provision hereof in order to avoid any unintended impact on the compliance by the Combined Group or, if applicable, the System with financial covenants following any change in GAAP that would affect the computation of any financial ratio or other financial computation under this Indenture; or

I. *Establishment of Funds:* to establish any one or more funds hereunder as provided in *Section 10.01* hereof; or

J. *To Make Non-Adverse Changes:* to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, *provided* such action shall not adversely affect the interests of the Holders of Master Debt.

The Trustee may determine (and shall be entitled to rely conclusively upon an Opinion of Counsel as to) whether or not any Master Debt or the Holder thereof would be affected by any supplemental indenture under *Clause C* or *Clause K* of this Section, and any such determination shall be conclusive upon every Holder of Master Debt, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

Section 7.02. *Supplemental Indentures With Consent of Holders of Master Debt.*

With the consent of the Holders of not less than a majority in principal amount of the Controlling Master Debt (by Act of such Holders delivered to the Combined Group Representative and the Trustee), the Combined Group Representative and the Trustee may enter into 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 modifying in any manner the rights of the Holders of Master Debt under this Indenture; *provided, however*, that no such supplemental indenture shall, without the consent of each Holder of Outstanding Master Debt affected thereby:

A. *Impair or Change Payment Rights:* impair the right to institute suit for the enforcement of the payment of the principal of (and premium, if any) or interest or other debt service charges or payment obligations on any Master Debt on or after the Maturity or Stated Maturity thereof (or, in the case of redemption, on or after the date for redemption), change the Maturity or Stated Maturity of the principal of (and premium, if any) or interest or other debt service charges or payment obligations on any Master Debt, or reduce the amount payable in respect of the principal of (and premium, if any) or interest or other debt service charges or payment obligations on any Master Debt; or

B. *Enfranchise the Combined Group:* modify or alter the provisions of *Clause (i)* of the proviso to the definition of the term “*Outstanding*” in *Section 1.01*; or

C. *Modify Amendment and Waiver Provisions:* modify any of the provisions of this Section or *Section 4.14* or *8.19*, *except* to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of each Holder of Master Debt affected thereby; or

D. *Subordinate Lien:* permit the creation of any lien or claim ranking prior to or on a parity with the lien or claim of this Indenture with respect to any of the Trust Estate, *except* as permitted by *Section 8.08*, or terminate the lien of this Indenture on any property at any time subject hereto except as permitted hereby, or deprive any Holder of Master Debt of the security afforded by the lien of this Indenture, or modify or alter the provisions of *Section 8.08* to permit any lien or security interest which secures some, but less than all, Master Debt except as therein permitted.

The Trustee may determine (and shall be entitled to rely conclusively upon an Opinion of Counsel as to) whether or not any Master Debt or the Holder thereof would be affected by any supplemental indenture under this Section, and any such determination shall be conclusive upon every Holder of Master Debt, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for any Act of Holders of Master Debt under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Each Holder of Master Debt delivering any consent or direction in respect of a supplemental indenture shall be deemed to have obtained any necessary consents or directions from the owners of Debt secured by such Master Debt.

Section 7.03. *Execution of Supplemental Indenture.*

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive and, *subject* to *Section 5.01*, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and all conditions precedent thereto have been satisfied. The Trustee shall enter into each supplemental indenture authorized or permitted by this Indenture upon Request of the Combined Group Representative, *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, *except* to the extent required in the case of a supplemental indenture entered into under *Section 7.01G*.

Section 7.04. *Effect of Supplemental Indenture.*

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Master Debt theretofore or thereafter created, assumed, or guaranteed shall be bound thereby.

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ARTICLE EIGHT COVENANTS

Section 8.01. *To Pay Principal, Premium, and Interest and Other Debt Service Charges and Payment Obligations on Master Debt; Other Agreements.*

Each Obligated Affiliate covenants to timely pay (i) all principal of and premium, if any, and interest and other debt service charges and payment obligations on the Outstanding Master Debt created or issued by it, and (ii) all charges, fees and expenses provided for under this Indenture related to such Master Debt in accordance with the terms thereof. Each Obligated Affiliate hereby unconditionally and irrevocably guarantees the timely and full payment of all amounts payable, and the timely and full performance of all obligations performable, by each other Obligated Affiliate pursuant to the preceding sentence (including without limitation all amounts payable by such Obligated Affiliate in respect of Outstanding Master Debt previously or hereafter issued by it); *provided, however*, that such guarantee shall terminate upon the release of any such Person who is the guarantor as an Obligated Affiliate hereunder. Such guarantee (A) is an absolute and unconditional obligation of each Obligated Affiliate, in its capacity as a guarantor hereunder, (B) a guarantee of payment and not of collection, and (C) shall not be affected or impaired by any act or omission by the Trustee or any Holder of Master Debt which would, at law or equity, discharge or reduce the liability of a guarantor or surety, it being understood and agreed that the liability of each such Obligated Affiliate, in its capacity as a guarantor hereunder, shall only be discharged upon the release of any such Person as an Obligated Affiliate hereunder or by payment and performance as herein provided.

In order to hold any Obligated Affiliate, in its capacity as a guarantor hereunder, liable with respect to any Master Debt, there shall be no obligation on the part of the Trustee or any Holder of Master Debt, at any time, to resort for payment to any other Obligated Affiliate, as a primary obligor, or any other Obligated Affiliate, as a guarantor, or to any other Person, its property or estate, or resort to any collateral, security, property, liens, or other rights or remedies whatsoever, and the Trustee, on behalf of the Holders of the Master Debt, shall have the right to enforce the guarantee obligations of each Obligated Affiliate, in its capacity as a guarantor, irrespective of whether or not other proceeding or steps seeking resort to or realization upon or from any of the foregoing are pending.

Notwithstanding any provision herein to the contrary, no Obligated Affiliate shall be liable for or required to pay, and neither the Trustee nor any Holder of Master Debt shall be entitled to collect, any amount that (1) would be interest on any Master Debt issued by it and (2) would, when aggregated with all other interest payments made by such Obligated Affiliate on such Master Debt, exceed the maximum amount of interest which could be paid at the applicable lawful rate of non-usurious interest under applicable law. In the event that any Obligated Affiliate pays with respect to any Master Debt, or the Trustee or any Holder of Master Debt collects with respect to such Master Debt, interest in excess of that permitted by the preceding sentence to be paid or collected, then such excess shall be deemed to have been the result of a mathematical error by the parties hereto and shall be refunded immediately to the appropriate Obligated Affiliate or, at the option of the Trustee or such Holder, applied against the unpaid principal balance of the Master Debt, and all provisions, and terms thereof respecting interest shall be immediately reformed and reduced,

all without the necessity of execution of further documents, so as to comply fully with such applicable law. In determining the maximum amount of interest that the Holders of the Master Debt may lawfully contract for, charge, receive or reserve, all interest at any time paid or received hereunder, or contracted for or received in connection herewith, shall be spread, allocated and amortized over the actual term of the Master Debt so as to produce a lawful rate and amount of interest, to the full extent permitted by applicable law.

Each Obligated Affiliate hereby agrees with each other Obligated Affiliate that each Obligated Affiliate shall be primarily responsible and liable for payment of (a) the Master Debt issued by it, and (b) its Pro Rata Share (as defined below) of the payments required by *Clause (ii)* in the first paragraph of this Section, and that, if any other Obligated Affiliate shall pay any of such obligations pursuant to this Section, such other Obligated Affiliate shall become subrogated to the rights of the Persons to whom such payments were made, and shall be entitled to reimbursement of such payments from the Obligated Affiliate primarily responsible therefor subordinate in time and right of payment to the Outstanding Master Debt.

For purposes of this Section, “*Pro Rata Share*” means, as to each Obligated Affiliate at the time of such determination the amount equal to: the product of (A) the payments described in *Clause (ii)* in the first paragraph of this Section and (B) the ratio of all Outstanding Master Debt issued or entered into by such Obligated Affiliate to all Outstanding Master Debt.

Each Obligated Affiliate further agrees (i) to observe, perform and discharge, (ii) to cause each of the other Members of the Combined Group within its control to observe, perform and discharge, and (iii) to be caused to be observed, performed and discharged, all the applicable covenants, conditions, and obligations which are imposed on it or them by any and all mortgages, indentures, direct purchase agreements, reimbursement agreements, liquidity facilities, credit facilities, and other agreements evidencing, securing, or related to the Master Debt or pursuant to which such Master Debt is issued.

Section 8.02. *To Maintain Properties.*

Each Obligated Affiliate will cause all its properties, used or useful, in the conduct of its business to be maintained and kept in good condition, repair, and working order, ordinary wear and tear and obsolescence excepted, and supplied with all necessary equipment. Each Obligated Affiliate will cause to be made all necessary repairs, renewals, replacements, betterments, and improvements thereof, all as in the judgment of such Obligated Affiliate may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; *provided, however*, that nothing in this Section shall prevent any Obligated Affiliate from discontinuing the operation and maintenance of any of its properties if such discontinuance is, in the judgment of such Person, desirable in the conduct of its business and not disadvantageous in any material respect to the Holders of Master Debt.

Section 8.03. *To Insure.*

Each Obligated Affiliate will at all times keep (and cause each Restricted Affiliate and Designated Affiliate within its control to keep) all its property and operations of an insurable nature and of the character usually insured by companies operating similar properties and engaged in

similar operations insured in amounts customarily carried, and against loss or damage from such causes as are customarily insured against, by similar companies. All such insurance shall be effected with responsible insurance carriers, except to the extent a program of self-insurance determined by the Governing Body of such Obligated Affiliate to be sufficient shall be in effect.

Subject to the Mortgage, each Obligated Affiliate shall use proceeds of insurance received on account of any of its properties and compensation for any of its properties taken by eminent domain as it deems appropriate in light of its corporate purposes, as the same may be amended from time to time.

Section 8.04. *To Maintain Corporate Existence.*

Subject to *Article Six*, each Obligated Affiliate will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory), and franchises; *provided, however*, that no such Person shall be required to preserve any right or franchise if the Governing Body thereof shall determine that the preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Holders of Master Debt.

Section 8.05. *Reserved.*

Section 8.06. *Reserved.*

Section 8.07. *Limitation on Incurrence of Debt.*

A. *Limitations on Debt.* No Obligated Affiliate shall create, assume, guarantee, or otherwise become liable in respect of any Debt except (i) as permitted by the provisions of this Section, (ii) Debt existing on the date hereof as set forth in Schedule 8.07, and (iii) the Master Debt of the Obligated Group Agent incurred contemporaneous with the execution and delivery of this Indenture composed of the 2020 Taxable Bond Indenture which constitutes Senior Master Debt hereunder and the Subordinated Continuing Guaranties which constitute Subordinate Master Debt hereunder.

B. *Permitted Debt.* Any Obligated Affiliate may create, assume, guarantee, or otherwise become liable in respect of Debt described in any one or more of the following Clauses of this Subsection:

(1) *Refunding Debt:* Debt created, assumed, guaranteed, or incurred for the purpose of refunding or defeasing any Outstanding Debt if (i) such refunding Debt will be in a principal amount equal to or less than the then outstanding principal amount of the Debt to be refunded or defeased and (ii) the Combined Group Representative delivers to the Trustee an Officer's Certificate demonstrating that the Obligated Group shall be in pro forma compliance with *Section 8.26* and *Section 8.27* after giving effect to the incurrence of such Debt;

(2) *Intercompany Debt:* Debt owing from an Obligated Affiliate to any other Obligated Affiliate;

(3) *Insurance Related Debt*: Debt in the form of a guarantee or confirmation of liability of an Obligated Affiliate incurred directly or indirectly with respect to a self-insurance or captive insurance program benefiting any Member of the Combined Group;

(4) *Seller Financing Debt*: any Debt constituting a seller financing note representing payment for a portion of the purchase price in connection with the Acquisition by an Obligated Affiliate of a clinic practice or other acquisition permitted under Section 8.32(j) hereof, which note shall not exceed the EBITDA of the entity being acquired for the immediate trailing 12 month period and shall be unsecured, Subordinate Debt hereunder;

(5) *Accounts Receivable Debt*: Debt in the form of an AR Line of Credit in a principal amount not exceeding \$3,000,000 outstanding at any time, and which is solely secured by accounts receivable of the Obligated Affiliate or the Obligated Group, as applicable, in accordance with *Clause (16)* of the definition of “Permitted Encumbrances” herein; and

(6) *Other Permitted Debt*. Debt which has been approved in writing by the Holders of at least a majority in principal amount of the then outstanding Controlling Master Debt.

In addition to the limitations above, for the avoidance of doubt, the Obligated Affiliates shall not issue any Master Debt under this Indenture without the prior written consent of the Owners or Beneficial Owners of a majority of the outstanding principal amount of the Related Bonds.

Section 8.08. *Limitations on Liens.*

Except as otherwise hereinafter permitted, no Obligated Affiliate will (nor will any Obligated Affiliate permit any Restricted Affiliate or Designated Affiliate within its control to):

A. *Create Liens or Security Interests*: grant, create, assume, or incur or suffer to be granted, created, assumed, or incurred or to exist any mortgage, lien, charge, or encumbrance of any kind upon, or pledge any of its properties of any character, including real, personal, tangible and intangible properties and revenues, whether owned at the date hereof or hereafter acquired; or

B. *Acquire Conditional Title*: acquire or agree to acquire any property of any character under any conditional sale agreement or other title retention agreement (including any lease in the nature of a title retention agreement); or

C. *Consent to Subordination*: give its consent to the subordination of any right or claim of such Person to any right or claim of any other Person; or

D. *Sign Financing Statement*: sign or file a financing statement under the UCC which names such Person as a debtor or sign any security agreement authorizing any secured party thereunder to file such financing statement; or

E. *Suffer Prior Indebtedness:* suffer to exist any Debt of such Person or any claims or demands against such Person, which, if unpaid, might (in the hands of the holder or any Person who shall have guaranteed the same or who has any right or obligation to purchase the same) by law or upon bankruptcy or insolvency or otherwise, be given any priority whatsoever over its general creditors.

Notwithstanding the foregoing, mortgages, liens, charges, pledges, security interests and encumbrances that constitute Permitted Encumbrances or pursuant to *Sections 8.24* and *8.25* shall be permitted.

The Combined Group Representative and any Member of the Combined Group may sign such security agreements and sign and file such financing statements and take all other actions necessary to evidence and perfect any lien permitted by this Indenture or the Mortgage.

Section 8.09. *Limitation on Disposition of Assets.*

Except as permitted by *Section 3.03* and *Article Six*, no Obligated Affiliate shall (nor will any Obligated Affiliate permit any Restricted Affiliate or Designated Affiliate within its control to) convey, transfer, lease, or otherwise dispose of any Property (including, without limitation, cash and other intangible property) of such Combined Group Member, unless:

A. *Intercompany Transfers:* such conveyance, transfer, lease, or disposition shall be from one Obligated Affiliate to another Obligated Affiliate; or

B. *Obsolete, Etc. Property:* in the judgment of the Combined Group Representative or the Combined Group Member making such sale or other disposition, such Property is (or within the immediately succeeding 24 months is expected to become) inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable, or unnecessary in the conduct of the businesses of such Combined Group Member disposed of in the ordinary course of business or which is replaced with new property serving the same or reasonably equivalent function and having a value of not less than that of the property which has been sold or disposed of; or

C. *Governmental Action:* such conveyance, transfer, or disposition is in connection with any proposed or potential condemnation or taking for public or quasi-public use of the Property or any portion thereof; or

D. *Court or Governmental Order:* such conveyance, transfer, or disposition is required by or necessary to comply with the terms of any judgment, decree, or order of any court or any order, rule, or regulation of or settlement with any administrative or governmental body; or

E. *Restricted Property:* the use of such Property is legally restricted to one or more purposes which are inconsistent with the use of such Property, or the profits therefrom or proceeds thereof, to pay Master Debt; or

F. *Stock Dividends.* dividends or distributions on account of any shares of any class of stock by an Obligated Affiliate to its shareholders or members, so long as such distributions and dividends are based on pro-rata ownership; or

G. *Accounts Receivable.* such disposition is for past due accounts receivable in the ordinary course of business (including any discount or forgiveness thereof) or in the case of accounts receivable in default, in connection with the collection or compromise thereof (but, specifically excluding any factoring of any accounts receivable to a third party); or

H. *De Minimis.* in any Fiscal Year, such conveyance, transfer or disposition is for Property with a fair market value of less than \$250,000; or

I. *Leases.* such disposition is a result of a termination of a lease in the ordinary course of business.

Each Obligated Affiliate further agrees that it shall not (nor will any Obligated Affiliate permit any Restricted Affiliate or Designated Affiliate within its control to) convey, transfer, lease, or otherwise dispose of any Property of such Combined Group Member, which could reasonably be expected at the time of such conveyance, transfer or disposition to result in the Obligated Group to not be in pro forma compliance with *Section 8.26* and *Section 8.27*. The proceeds received from any conveyance, transfer or disposition under *Clause B* shall be used by the Obligated Affiliate to acquire replacement assets of a similar type. In the event proceeds are not used in such manner, the Obligated Agent shall cause such proceeds to be used to make an offer to the holders of the Related Bonds to purchase the Related Bonds at the then current redemption price, with corresponding prepayment of the Senior Master Debt securing such Related Bonds.

Section 8.10. *To Keep Books; Financial Reports; Inspection by Holders and Owners of Related Bonds.*

A. Each Member of the Combined Group shall keep or cause to be kept on its behalf, and shall cause each entity whose financial information is reflected in its Financial Statements to keep, at all times, books of record and accounts in accordance with GAAP as of the date thereof *except* (i) any such Person may provide for depreciation on the basis of historical cost adjusted for the effect of changes in the purchasing power of the dollar or (ii) as may be disclosed in the notes to the Financial Statements to which reference is made in *Subsection B* below.

B. The Combined Group Representative shall post to the Reporting Website as soon as available, and in any event within 150 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2021, (i) Financial Statements showing the results of operations of the System or the Combined Group, as applicable and (ii) the Compliance Certificate set forth in *Section 8.12* herof. Any Person whose financial information is reflected or reported in the Financial Statements of another Person need not submit separate financial statements pursuant to this Section. Such financial statements:

(i) may consist, at the option of the Combined Group Representative, of (1) System Financial Statements, or (2) Combined Group Financial Statements, each presented on a consolidating and consolidated basis;

(ii) shall be audited (or, in the case of Combined Group Financial Statements that are contained in System Financial Statements, the System Financial Statements shall be audited) by an independent certified public accountant and contain such independent certified public accountant's report thereon, which report shall include an unmodified opinion to the effect that the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the audited Person in conformity with generally accepted accounting principles as of the date thereof (except, in the case of special purpose financial statements, for required consolidations) for such period; and

(iii) shall contain such statements necessary for a fair presentation of unrestricted net assets or net worth, results of operations and changes in unrestricted net assets or net worth and financial position as at the end of such reporting period, all stated in accordance with generally accepted accounting principles as of the date thereof consistently applied (except, in the case of special purpose financial statements, for required consolidations).

C. The Combined Group Representative post to the Reporting Website as soon as available, and in any event within 45 days after the end of each fiscal quarter commencing with the fiscal quarter commencing March 31, 2021, (i) quarterly unaudited financial statements of the Combined Group or the System, as applicable, including a consolidated and consolidating statement of revenues and expenses and statement of cash flows of the Combined Group or the System during such period, a consolidated and consolidating balance sheet as of the end of each such fiscal quarter, all prepared in reasonable detail and certified, subject to year end adjustment, by an officer of the Combined Group Representative and (ii) a compliance certificate demonstrating compliance with the financial covenants set forth in *Section 8.26* and *8.27* hereof for such fiscal quarter, prepared in reasonable detail by an officer of the Combined Group Representative.

D. The Combined Group Representative shall post to the Reporting Website notice of the following events as soon as practicable, but no later than five (5) Business Days after the occurrence thereof: (a) significant acquisitions or dispositions in excess of \$500,000; (b) the bankruptcy of an Obligated Affiliate; (c) the acceleration of any Debt having a principal amount in excess of \$500,000; (d) a change in the certifying independent auditor of the Combined Group; (e) the appointment or departure of the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, Chief Operating Officer or President (or persons fulfilling similar duties) of the Obligated Group Agent; (f) non-reliance on previously issued financial statements; (g) Change of Control transactions and (h) any other material event announced publicly; *provided* that no such current report will be required to be furnished if the Obligated Group Agent determines in its good faith judgment that such event is not material to Holders or to the business, assets, operations, financial position or prospects of the Obligated Group, taken as a whole, or if the Obligated Group determines in its good faith judgment that such disclosure would otherwise cause material competitive harm to the business, assets, operations, financial position or prospects of the Obligated Group, taken as a whole; *provided, further*, that such non-disclosure shall be limited only to those specific provisions that would cause material competitive harm and not the occurrence of the event itself;

E. The Combined Group Representative agrees that, for so long as any Related Bonds are outstanding, the Combined Group Representative shall furnish to the Owners or Beneficial Owners, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision).

F. So long as the Related Bonds are outstanding, Combined Group Representative shall also:

(i) promptly after posting the reports in B. and C. above, but no later than 7 Business Days thereafter, hold a conference call to discuss such reports and the results of operations for the relevant reporting period; and

(ii) announce by post to the Reporting Website, which may require a confidentiality acknowledgment (but not restrict the recipients of such information from trading securities of any of the Combined Group), prior to the date of the conference call required to be held in accordance with paragraph F.(i) above the time and date of such conference call and either all information necessary to access the call or informing the Reporting Information Recipients how they can obtain such information, including, without limitation, the applicable password or other login information.

G. Any Person that accesses such financial information or seeks to participate in any conference calls required by paragraph F.(i) above may be required to provide its email address, employer name and other information reasonably requested by the Company and represent to the Company (to the Company's reasonable good faith satisfaction) that:

(i) it is a Reporting Information Recipient;

(ii) it will not use the information in violation of applicable securities laws or regulations;

(iii) it will keep such provided information confidential and will not communicate the information to any Person; and

(iv) it (a) will not use such information in any manner intended to compete with the business of the Company and its Subsidiaries and (b) is not a Person (which includes such Person's Affiliates) that (i) is principally engaged in a similar business or (ii) derives a significant portion of its revenues from operating or owning a similar business.

H. At any and all times, upon the written request of a Holder of Controlling Master Debt or the Owner or Beneficial Owner of the Related Bonds, by their agents and attorneys, to inspect the properties of any such Member of the Combined Group, or any of its consolidated subsidiaries and Affiliates, and to examine all the books of account, records, reports, and other financial papers of such Persons and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection and examination, and will furnish the such Holder, Owner or Beneficial Owner any and all such other information as they may reasonably request with respect to the performance or observance by such Persons of their covenants in this Indenture.

I. The Combined Group Representative may designate a different Fiscal Year for the Members of the Combined Group or for the System by delivering a notice to the Trustee designating the first and last day of such new Fiscal Year and whether or not there will be any interim fiscal period (the “*Interim Period*”) of a duration of greater than or less than 12 months preceding such new Fiscal Year. The Combined Group Representative covenants that it will furnish to the Trustee, as soon as practicable after it is available, but in no event more than 150 days after the last day of such Interim Period, a financial report for such Interim Period certified by an independent certified public accountant selected by the Combined Group Representative covering the operations of the Combined Group or the System, at the discretion of the Combined Group Representative, for such Interim Period and containing a combined balance sheet as of the end of such Interim Period, a combined statement of operations (revenues and expenses) for such Interim Period, and a combined statement of changes in net assets as of the end of such Interim Period, to the extent that such combined balance sheet, combined statement of operations, and combined statement of changes in net assets exist at the time such election is made. To the extent that a combined balance sheet, a combined statement of operations, or a combined statement of changes in net assets does not exist at the time such election is made, the Combined Group Representative shall provide a statement or statements that are, in its judgment, the closest approximation to such statement or statements that are available and that are certified by an independent certified public accountant selected by the Combined Group Representative.

J. The Trustee shall have no duty to receive or review any of the information set forth in this Section 8.10, and is not considered to have notice of a Default or Event of Default based on such the failure of the Combined Group Representative to post such information to the Reporting Website.

Section 8.11. *Performance of Other Obligations.*

Each Obligated Affiliate will pay or cause to be paid all Debt of such Obligated Affiliate as and when the same shall become due and payable and will observe, perform, and discharge all the covenants, conditions, and obligations which are imposed on it by any and all mortgages, indentures, and other agreements evidencing or securing its Debt or pursuant to which such Debt is issued, so as to prevent the occurrence of any act or omission which is, or may be declared to be, a material default thereunder. Neither this Section nor any other Section hereof, *however*, shall be construed to require the payment of any such Debt or any tax, assessment, governmental charge or levy, or any claim for labor, materials and supplies, or the observance, performance or discharge of any such covenants, conditions or obligations so long as such Person in good faith shall contest any claim which may be asserted against it in respect thereof and shall set aside on its books adequate reserves with respect thereto.

Section 8.12. *Statement as to Compliance.*

The Combined Group Representative will post to the Reporting Website, within 150 days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30, 2021, an Officer’s Certificate stating that:

A. *Review:* a review of the activities of the Obligated Affiliates during such year and of performance under this Indenture has been made,

B. *Compliance:* the Obligated Group is in compliance with the covenants contained in *Section 8.26* and *8.27* hereof for such Fiscal Year, including calculations of such covenants provided in reasonable detail;

B. *No Default:* to the best of the signer's knowledge, based on such review, the Obligated Affiliates have fulfilled all of their respective obligations under this Indenture throughout such year, or, if there has been a Default or Event of Default in the fulfillment of any such obligation, specifying each such Default or Event of Default known and the nature and status thereof.

Section 8.13. *Notices of Default to the Trustee.*

Promptly after any officer of an Obligated Affiliate obtains actual knowledge of a Default or an Event of Default hereunder, such Obligated Affiliate shall deliver to the Trustee a written notice specifying the nature and period of existence thereof and the action such Obligated Affiliate is taking and proposes to take with respect thereto.

Section 8.14. *Payments by Restricted Affiliates and Designated Affiliates.*

Each Restricted Affiliate and Designated Affiliate agrees with, and for the benefit of, each Obligated Affiliate to:

A. make to such Obligated Affiliate contributions, advances or loans the repayment of which is subordinate in time and right of payment to the Outstanding Master Debt, to the extent of funds lawfully available for such purpose, to the extent necessary to provide for the due and punctual payment of the principal of (and premium, if any) and interest and other debt service charges and payment obligations on all Outstanding Master Debt in accordance with the terms hereof whether such Obligated Affiliate is the primary obligor or a guarantor with respect to such Master Debt; *provided, however*, that no Restricted Affiliate or Designated Affiliate shall be required to make any transfer that would likely, in the Opinion of Counsel not objected to by such Obligated Affiliate, (i) cause the members of the Governing Body of such Restricted Affiliate or Designated Affiliate to incur personal liability to other creditors of such Restricted Affiliate or Designated Affiliate as a result of such transfer, (ii) render such Restricted Affiliate or Designated Affiliate insolvent, (iii) conflict with any applicable statutory provision relating to fraudulent transfers, or (iv) in the case of any transfer by dividend, violate applicable statutory restrictions on the declaration and payment of dividends by such Restricted Affiliate or Designated Affiliate; and

B. perform all other covenants and comply with all other restrictions applicable to such Restricted Affiliate and to such Designated Affiliate, as applicable, hereunder.

Section 8.15. *Warranty of Title.*

Each Obligated Affiliate has the requisite right, power, and authority to pledge the properties covered by the *Granting Clauses* hereof and to subject such properties to the lien hereof.

The Obligated Affiliates will forever warrant and defend the title to the property described in *Granting Clauses* against the claims and demands of all Persons whomsoever, and the Obligated Affiliates shall defend any and all rights of the Obligated Affiliates in and to the property described

in *Granting Clauses*. No Obligated Affiliate will, *except* as permitted by the *Subject Clauses* to the *Granting Clauses*, create or suffer to exist any lien, other than the liens imposed by this Indenture, upon the Trust Estate or, *except* as herein permitted, take or suffer any other action which would deny or impair the lien of this Indenture.

Section 8.16. *Further Assurances; Recording; Deposit Account Control Agreements; Commercial Tort Claims.*

A. Each Member of the Combined Group will execute, acknowledge, and deliver all and every such further act, assignment, financing statement, and assurance as the Trustee may require for accomplishing the purposes of this Indenture.

B. The Members of the Combined Group represent that, upon execution and delivery hereof, this Master Indenture will create in favor of the Master Trustee, a legal, valid and enforceable security interest in all property and the proceeds thereof comprising the Trust Estate hereunder, in which a security interest may be perfected under the UCC as in effect at the relevant time by filing of financing statements. The Members of the Combined Group will cause this instrument and all supplemental indentures and other instruments of further assurance, including all financing statements covering security interests in personal property, to be promptly recorded, registered, and filed, and will execute and file or cause to be filed such financing statements and continuation statements, all in such manner and in such places as may be required by law (a) fully to preserve and protect the rights of the Holders of Master Debt and the Trustee hereunder to all property comprising the Trust Estate, and (b) to perfect and maintain the perfection and first priority of any such security interests in all property in which a security interest may be perfected by filing under the UCC.

C. Each Obligated Affiliate covenants to take any other action as may be required by applicable law to perfect and to keep perfected the Trustee's security interest in the Trust Estate, including, without limitation executing and delivering Deposit Account Control Agreements with the Trustee and acceptable to the Trustee with respect to all Bank Accounts (other than other than accounts used solely for payroll or that directly receive payments from Medicare or Medicaid) and to cause each relevant depository institution to execute and deliver Deposit Account Control Agreements, as soon as practicable after the execution and delivery of this Indenture but in no event later than March 31, 2021. Such Deposit Account Control Agreements shall provide for, among other things, such depository institution's agreement that it will comply with the instructions originated by the Trustee directing the disposition of the funds in the relevant Bank Account during the continuance of an Event of Default without further consent by such Obligated Affiliate. In the event the Obligated Group is delinquent for more than three (3) Business Days in the payment or required prepayment hereunder or upon any Event of Default, the Trustee shall notify the Obligated Group of such delinquency and shall be entitled to take such action as directed by Article IV of this Indenture and as permitted by the Deposit Account Control Agreement.

D. Each Obligated Affiliate agrees that, if it shall acquire any interest in any Commercial Tort Claim (whether from another Person or because such Commercial Tort Claim shall have come into existence), such Obligated Affiliate shall, promptly upon such acquisition, deliver to the Trustee, a notice of the existence and nature of such Commercial Tort Claim containing a reasonably specific description of such commercial tort claim, certified by the

Obligated Group Agent as true and correct and with instruction to the Trustee to supplement Schedule 8.16 hereof with such Commercial Tort Claim. The Obligated Group Agent, on behalf of the Obligated Affiliate, shall execute and deliver to the Trustee, any certificate, agreement or other document, and take all other action, necessary or appropriate for the Trustee to obtain a first-priority (subject, as to priority, to Permitted Encumbrances) perfected security interest in such Commercial Tort Claim.

E. Within thirty (30) days after the date of this Indenture, with respect to all Intellectual Property owned by CAN on the date of this Indenture, CAN shall execute, acknowledge and deliver, and file and record in the proper filing and recording places, all such instruments and documents, including but not limited to a short form trademark pledge agreement to be filed with the United States Patent and Trademark Office and any applicable state office, and take all such other action, necessary or appropriate for the Trustee to obtain a first-priority (subject, as to priority, to Permitted Encumbrances) perfected security interest in such Intellectual Property.

F. None of the Obligated Affiliates will not change its name, identity, organizational structure, chief executive office or place where its business records are kept, or move any tangible Collateral (other than securities), unless the Obligated Group Agent shall have given the Trustee at least thirty (30) days prior written notice thereof and shall have delivered to the Trustee such new Uniform Commercial Code financing statements or other documentation as may be necessary or required by the Trustee to ensure the continued perfection and priority of the security interest in the Trust Estate.

G. The Trustee shall have no obligation to record, re-record, file or re-file this Indenture or any security agreement, financing statements or continuation statements in connection herewith.

H. Each fiscal quarter, at the time of delivery of the quarterly financial statements with respect to the preceding fiscal quarter pursuant to Section 8.10 hereof, the Combined Group Representative shall deliver to the Trustee (a) a schedule of any newly applied for or registered Intellectual Property or any new Licenses together with any applicable intellectual property security agreements any and all other agreements, instruments, documents and papers as the Trustee may reasonably request to evidence the security interest in such Intellectual Property, and (b) a list of any new Deposit Accounts or other accounts opened or maintained by any Obligated Affiliate.

I. Each Obligated Affiliate agrees promptly to deliver or cause to be delivered to the Trustee, to be held for the benefit of all Holders of the Master Debt, any and all promissory notes, stock certificates or other securities now or hereafter included in the Collateral, accompanied by an undated stock, membership or note power, as applicable, duly executed in blank or other undated instruments of transfer satisfactory to the Trustee and duly executed in blank and by such other instruments and documents as the Trustee may request. With respect thereto, the Obligated Group Agent, on behalf of JTJ, agrees to deliver to the Trustee, not more than thirty (30) days after the date of this Indenture (or such later date agreed upon by the Holders of a majority in principal amount of the Controlling Master Debt), the certificated stock of JTJ, accompanied by an undated stock power duly executed in blank or other undated instruments of transfer satisfactory to the Trustee. Prior to or in connection with the delivery of the certificated stock of JTJ, the Trustee and

the Obligated Group agent shall enter into such collateral agreement or agreements as shall be satisfactory to the Trustee to provide for the holding by the Trustee of the JTJ stock and other Collateral pledged hereunder.

Section 8.17. *Payment of Taxes.*

The Obligated Affiliates will pay or cause to be paid as they become due and payable all taxes, assessments, and other governmental charges lawfully levied or assessed or imposed upon the Trust Estate or any part thereof, upon any income therefrom, or upon any other real or personal properties of the Obligated Affiliates, and also (to the extent that such payment will not be contrary to any applicable laws) all taxes, assessments, and other governmental charges lawfully levied, assessed, or imposed upon the lien or interest of the Trustee or of the Holders of Master Debt in the Trust Estate, so that (to the extent aforesaid) the lien of this Indenture shall at all times be wholly preserved at the cost of the Obligated Affiliates and without expense to the Trustee or the Holders of Master Debt; *provided, however*, that no Obligated Affiliate shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge or levy to the extent that the amount, applicability, or validity thereof shall currently be contested in good faith by appropriate proceedings and such Person shall have established and shall maintain adequate reserves on its books for the payment of the same.

Section 8.18. *Advances by Trustee.*

If any Obligated Affiliate shall fail to perform any of its covenants in this Indenture, the Trustee may, but shall not be obligated to, at any time and from time to time, use and apply any money held by it hereunder, or make advances, to effect performance of any such covenant on behalf of such Person, and all money so used or advanced by the Trustee shall be repaid by the Obligated Affiliates, upon demand. For the repayment of all such advances, the Trustee shall have the right to use and apply any money at any time held by it hereunder, but no such use of such money or advance shall relieve any Person from any Default or Event of Default hereunder.

Section 8.19. *Waiver of Certain Covenants.*

Any Member of the Combined Group may omit in any particular instance to comply with any covenant or condition set forth in this Article, except *Section 8.01*, if before or after the time for such compliance the Holders of the same percentage in principal amount of all Controlling Master Debt then Outstanding the consent of which would be required to amend this Indenture to permit such noncompliance shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition.

Section 8.20. *Damage or Destruction.*

Each Member agrees to notify the Trustee immediately in writing in the case of the destruction of its Property or any portion thereof as a result of fire or other casualty, or any damage to such Property or portion thereof as a result of fire or other casualty, the Net Proceeds of which are estimated to exceed the Threshold Amount. If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid directly to the Member suffering such casualty or loss. The Members covenant that they will expend or contract to expend an amount not less than the amount of any such Net Proceeds within twenty-four (24) months after receipt thereof to (i) repair,

replace or restore the damaged or destroyed Property, (ii) acquire or construct additional capital assets for any one or more Members, or (iii) repay the principal portion of any Debt incurred by any one or more Members of the Combined Group to acquire or construct capital assets or refinance Debt incurred for such purpose.

In the event such Net Proceeds exceed the Threshold Amount, the Member suffering such casualty or loss shall within twelve (12) months after the date on which the Net Proceeds are finally determined, elect by written notice to the Trustee one of the following three (3) options.

(a) Option A – Repair and Restoration. Such Member may elect to replace, repair, reconstruct, restore or improve the applicable Property of the Combined Group or acquire additional Property for the Combined Group or repay Debt incurred for any such purpose pending the receipt of such Net Proceeds. In such event an amount equal to the Net Proceeds of any insurance relating thereto shall be deposited, when received, with the Trustee and such Member shall proceed forthwith to replace, repair, reconstruct, restore or improve the Property of the Combined Group or to acquire additional Property and will apply the Net Proceeds of any insurance relating to such damage or destruction received from the Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction, restoration, improvement or acquisition or to the repayment of such Debt. So long as an Event of Default has not occurred and is not continuing hereunder, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to such Member upon the receipt by the Trustee of:

(i) the Request of such Member specifying the expenditures made or to be made or the Debt incurred in connection with such replacement, repair, reconstruction, restoration, improvement or acquisition and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction, restoration, improvement or acquisition; and

(ii) if such expenditures were or are to be made or such Debt was incurred for the construction or renovation of Property, the written approval of such Request by an independent architect.

It is further understood and agreed that in the event such Member shall elect this Option A, such Member shall complete the replacement, repair, reconstruction, restoration, improvement and acquisition of the Property, whether or not the Net Proceeds of insurance received for such purposes are sufficient to pay for the same.

(b) Option B – Prepayment of Obligations. Such Member may elect to have all of the Net Proceeds payable as a result of such damage or destruction applied to the prepayment of (i) first, any Senior Master Debt (including the payment of any applicable Prepayment Premium thereon), then Outstanding, and (ii) second, any Subordinate Master Debt then Outstanding. In such event such Member shall, in its notice of election to the Trustee, direct the Trustee to apply such Net Proceeds, when and as received, first to the prepayment of Senior Master Debt on a pro rata basis among all Senior Master Debt Outstanding and second to the prepayment of Subordinate Master Debt on a pro rata basis among all Subordinate Master Debt Outstanding.

(c) Option C – Partial Restoration and Partial Prepayment of Obligations. Such Member may elect to have a portion of such Net Proceeds applied to the replacement, repair, reconstruction, restoration and improvement of the Property of the Combined Group or the acquisition of additional Property for the Combined Group or the repayment of Debt incurred for any such purpose pending the receipt of such Net Proceeds with the remainder of such Net Proceeds to be applied to prepay (i) first, any Senior Master Debt then Outstanding (including the payment of any applicable Prepayment Premium thereon), and (ii) second, any Subordinate Master Debt then Outstanding, in which event such Net Proceeds to be used for replacement, repair, reconstruction, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 8.20 and such Net Proceeds to be used for prepayment of the Master Debt shall be applied as set forth in subparagraph (b) of this Section 8.20.

Notwithstanding the foregoing, the proceeds of business interruption insurance are not subject to the provisions of this Section 8.20.

The Trustee shall have no duty or obligation to investigate any request received by it under this Section 8.20.

Section 8.21. *Condemnation.*

Each Member hereby irrevocably assigns to the Trustee, as its interest may appear, all right, title and interest of such Member in and to any Net Proceeds of any award, compensation or damages payable in connection with any such condemnation or taking, or payment received in a sale transaction consummated under the threat of condemnation (any such award, compensation, damages or payment being hereinafter referred to as an “award”), which exceeds the Threshold Amount. Such Net Proceeds shall be initially paid to the Trustee for disbursement or use as hereinafter provided. If such Net Proceeds do not exceed the Threshold Amount, such Net Proceeds may be paid to the Member in question. The Members convent that they will contract to expend an amount not less than the amount of any such Net Proceeds within twenty-four (24) months of the receipt thereof to (i) restore, replace or repair the condemned Property, (ii) acquire or construct additional capital assets, or (iii) repay the principal portion of Debt incurred by one or more Members of the Combined Group to acquire or construct capital assets or to refinance Debt incurred for such proposes.

In the event such Net Proceeds exceed the Threshold Amount, the Member in question shall within twelve (12) months after the date on which the Net Proceeds are finally determined elect by written notice of such election to the Trustee one of the following three (3) options:

(a) Option A – Repairs and Improvements. The Member may elect to use the Net Proceeds of the award for restoration or replacement of or repairs and improvements to the Property of the Combined Group or the acquisition of additional Property of the Combined Group or the repayment of Debt incurred for any such purpose pending the receipt of such Net Proceeds. In such event, so long as an Event of Default has not occurred and is continuing hereunder, such Member shall have the right to receive such Net Proceeds from the Trustee from time to time upon the receipt by the Trustee of:

(i) the Request of such Member specifying the expenditures made or to be made or the Debt incurred in connection with such restoration, replacement, repairs, improvements and acquisitions and stating that such Net Proceeds, together any other moneys legally available for such purposes, will be sufficient to complete such restoration, replacement, repairs, improvements and acquisition; and

(ii) if such expenditures were or are to be made or such Debt was incurred for the construction or renovation of Property, the written approval of such Request by an independent architect.

(b) Option B – Prepayment of Obligations. Such Member may elect to have such Net Proceeds of the award applied to the prepayment of (i) first, any Senior Master Debt then Outstanding (including the payment of any applicable Prepayment Premium thereon), and (ii) second, any Subordinate Master Debt the Outstanding. In such event such Member shall, in its notice of election to the Trustee, direct the Trustee to apply such Net Proceeds, when and as received, first to the prepayment of Senior Master Debt on a pro rata basis among all Senior Master Debt Outstanding and second to the prepayment of Subordinate Master Debt on a pro rata basis among all Subordinate Master Debt Outstanding.

(c) Option C – Partial Restoration and Partial Prepayment of Obligations. Such Member may elect to have a portion of such Net Proceeds of the award applied to the repair, replacement, restoration and improvement of the Property of the Combined Group or the acquisition of additional Property of the Combined Group or the repayment of Debt incurred for any such purpose pending the receipt of such Net Proceeds, with the remainder of such Net Proceeds to be applied to the prepayment of (i) first, any Senior Master Debt then Outstanding (including the payment of any applicable Prepayment Premium thereon), in which event such Net Proceeds to be used for repair, replacement, restoration, improvement and acquisition shall be applied as set forth in subparagraph (a) of this Section 8.21 and such Net Proceeds to be used for prepayment of the Master Debt shall be applied as set forth in subparagraph (b) of this Section 8.21.

The Trustee shall have no duty or obligation to investigate any request received by it under this Section 8.21.

Section 8.22. *Application of Revenues.*

The Obligated Affiliates will pay or cause to be paid from the revenue or income of such Person the following payments in the following order:

(i) any installments of interest then due and payable on all Senior Master Debt issued pursuant to this Indenture;

(ii) any installments of principal of and premium, if any, then due and payable on all Senior Master Debt issued pursuant to this Indenture;

(iii) the operating expenses of the Obligated Affiliates then due and payable, including without limitation any accrual for taxes, assessments and insurance;

(iv) [Reserved];

(v) provided no payment default or Event of Default has occurred and is continuing hereunder, any installments of interest then due and payable on all Subordinate Master Debt issued pursuant to this Indenture;

(vi) provided no payment default or Event of Default has occurred and is continuing hereunder, any installments of principal of and premium, if any, then due and payable on all Subordinate Master Debt issued pursuant to this Indenture; and

(vii) provided no payment default or Event of Default has occurred and is continuing hereunder, the amounts for any other corporate and permitted purpose.

Section 8.23. *Security Interest in Aircraft.*

Within 60 days after the Aircraft Loan has been paid in full, CANTransport shall grant a first lien perfected security interest in the Aircraft to the Trustee. In connection therewith, CANTransport shall execute and deliver to the Trustee a security agreement, financing statement, registration statement and other documents necessary in connection therewith.

Section 8.24. *Mortgage of Property.*

A. CAN covenants and agrees that, within ninety (90) days after the date hereof, the Company shall execute a mortgage to encumber the Mortgaged Property in favor of the Trustee as security for all Master Debt outstanding hereunder. In connection with the execution and delivery of the mortgage, the Company shall deliver or cause to be delivered to the Trustee (i) an opinion of Counsel to the effect that the mortgage has been duly and validly executed, is binding and enforceable against the Company in accordance with its terms, and is effective to create a valid lien on the real property described therein in favor of the Trustee, (ii) a title insurance policy in form and substance acceptable to the Owners of the Related Bonds and (iii) such other documentation necessary in connection with the execution and delivery of the mortgage and the title insurance policy.

B. The Obligated Group covenants and agrees that, within ninety (90) days following the closing of any acquisition of real property by an Obligated Affiliate or the repayment of the Iberia Bilateral Loans that is secured by certain real property as of the date hereof, such Obligated Affiliate shall execute a mortgage to encumber such real property in favor of the Trustee as security for all Master Debt outstanding hereunder (i) the Company shall deliver or cause to be delivered to the Trustee (i) an opinion of Counsel to the effect that the mortgage has been duly and validly executed, is binding and enforceable against the Company in accordance with its terms, and is effective to create a valid lien on the real property described therein in favor of the Trustee, (ii) a title insurance policy in form and substance acceptable to the Owners of the Bonds and (iii) such other documentation necessary in connection with the execution and delivery of the mortgage and the title insurance policy.

Section 8.25. *After Acquired Property.*

If property that is of a type that constitutes Collateral is acquired by an Obligated Affiliate that is not automatically subject to a perfected security interest hereunder, such Obligated Affiliate shall provide a Lien over such property in favor of the Trustee, unless expressly not required by this Indenture.

Section 8.26. *Maximum Total Leverage Ratio.*

The Obligated Group shall maintain a Total Leverage Ratio calculated quarterly as of December 31, March 31, June 30 and September 30 (each, a “TLR Testing Date” of each year, on a trailing twelve (12) month basis commencing on March 31, 2021, as follows:

- (I) As of each TLR Testing Date in the year 2021, 6.00 to 1.00;
- (II) As of each TLR Testing Date in the year 2022, 4.75 to 1.00;
- (III) As of each TLR Testing Date in the year 2023, 4.00 to 1.00;
- (IV) As of each TLR Testing Date in the year 2024 and thereafter, 3.00 to 1.00.

Compliance with this provision shall be evidenced by a certificate of the Obligated Group provided to the Trustee, which the Trustee shall be entitled to rely on without further review.

Section 8.27. *Minimum Fixed Charge Coverage Ratio.*

(a) The Obligated Group shall maintain a Fixed Charge Coverage Ratio calculated quarterly as of March 31, June 30, and September 30 December 31 (each a “FCCR Testing Date”) of each year, on a trailing twelve (12) month basis, based on the company-prepared financial statements for each March 31, September 30 , commencing on March 31, 2021, as follows:

- (I) As of each FCCR Testing Date in the year 2021 and 2022, 1.50 to 1.00;
- (II) As of each FCCR Testing Date in the year 2023, 1.75 to 1.00;
- (III) As of each FCCR Testing Date in the year 2024 and thereafter, 2.00 to 1.00;

(b) Quarterly calculations on each FCCR Testing Date shall be based on internally prepared financial statements. Additionally, the Obligated Group shall calculate the Fixed Charge Coverage Ratio as of each June 30 based on the Financial Statements.

Compliance with this provision shall be evidenced by a certificate of the Obligated Group provided to the Trustee, which the Trustee shall be entitled to rely on without further review.

Section 8.28. *Restricted Payments.*

The Obligated Affiliates shall not declare or make any Restricted Payment or enter into any agreement to make any Restricted Payment, except for dividends and distributions payable by

an Obligated Affiliate to its shareholders or members, so long as such dividends and distributions are based on pro-rata ownership and the Obligated Affiliate has received a pro rata distribution.

Section 8.29. *Investor Liaison.*

The Holders of a majority in principal amount of the Controlling Master Debt Outstanding shall be entitled to provide a list of three reasonably qualified investor liaison candidates to the Company's chief executive officer ("CEO"). CEO shall use reasonable discretion to select one person from such investor liaison candidate list to serve as investor liaison ("Investor Liaison"). Investor Liaison shall have the right to attend the Company's Board of Directors meetings at which business is conducted as a non-participating observer. The Company shall provide Investor Liaison with notice of all Board of Directors meetings in the manner for notifying a member of the Board of Directors as set forth in the Company's bylaws and shall be provided with any information that is provided to the full Board of Directors of the Company. Investor Liaison shall serve for so long as the Bonds remain outstanding. In the event CEO determines in CEO's reasonable discretion that Investor Liaison is serving in a manner not in the best interest of the Company or of the bondholders or is otherwise disruptive to the operation of the Board of Directors meetings, upon 30 days' notice from the CEO, the Owners of a majority of principal amount of Bonds Outstanding will provide a list of alternative reasonable qualified investor liaison candidates from which CEO shall use reasonable discretion to select a replacement for the Investor Liaison (the "CEO Replacement Right"). The CEO Replacement Right may only be exercised by CEO once as long as the Bonds remain outstanding. To the extent the Investor Liaison has information to share with Owners of the Related Bonds Outstanding, it shall provide such information in a manner that allows each Owner and prospective Owner the opportunity to access such information and/or participate in any discussions regarding such information in such Owner's or prospective Owner's discretion. The Obligated Affiliates agree to pay the reasonable compensation of such Investor Liaison.

Section 8.30. *Seller Notes.*

The Obligated Affiliates shall not make any optional payments of principal, interest or other amounts due under the Seller Notes, any seller financing incurred pursuant to Section 8.07(B)(4), or any other subordinated debt incurred after the date hereof. The Obligated Affiliates shall not make any required payments of principal, interest or any other amounts due under the Seller Notes, any seller financing incurred pursuant to Section 8.07(B)(4), or any other subordinated debt incurred after the date hereof if (i) there is a payment default hereunder or Event of Default has occurred and is continuing, (ii) the Obligated Group would not be in pro forma compliance with *Section 8.26* and *Section 8.27* after giving effect to such payment or (iii) such payment would cause an Event of Default hereunder. The Obligated Affiliates agree to not make any modifications to the Seller Notes, any seller financing incurred pursuant to Section 8.07(B)(4), or any other subordinated debt incurred after the date hereof, including but not limited to any change of payment terms or rate of interest thereon, without the prior written consent of the Holders of a majority of the outstanding principal amount of the Controlling Master Notes.

Section 8.31. *Sale and Leaseback Transactions; Capital Expenditures.*

The Obligated Affiliates shall not enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transfer. In addition, the Obligated Affiliates shall not incur or make Capital Expenditures during any Fiscal Year in excess of \$6,500,000, in any Fiscal Year, without the prior written consent of the Holders of not less than a majority of the principal amount of the Controlling Master Debt.

Section 8.32. *Permitted Investments.*

Except as otherwise permitted under this Indenture, the Obligated Affiliates shall not purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned subsidiary prior to such merger), any common stock, evidence of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, guaranty any obligations of, or to make or permit to exist any investment or any other interest in, any other Person (all of the foregoing being collectively called the “Investments”), or to purchase or otherwise acquire (in one transaction or a series of transactions), any assets of any other Person that constitute a business unit, or create or form any subsidiary, except:

(a) Investments existing on the date hereof which have been disclosed to the initial purchasers of the Related Bonds, and any modification, replacement, renewal, reinvestment or extension thereof (provided the amount of the original investment is not increase except as otherwise permitted by this Section 8.32);

(b) Investments in cash or cash equivalents;

(c) Investments made by one Obligated Affiliate in or to any other Obligated Affiliate;

(d) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers, licensors, licensees, and suppliers, in each case in the ordinary course of business;

(e) extensions of trade credit in the ordinary course of business;

(f) loans and advances in the ordinary course of business to employees, officers and directors so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed \$500,000;

(g) Investments made as the result of the receipt of non-cash consideration from a sale, transfer or other disposition permitted under this Indenture;

(i) Investments in the ordinary course of business consisting of endorsements for collection or deposit; or

(j) Acquisition by an Obligated Affiliate of a clinic or pharmacy; provided such Acquisition amount shall not exceed \$2,000,000 in any Fiscal Year (and which amount shall include the principal amount of any seller notes relating thereof, which are permitted in connection therewith under Section 8.32(j) hereof); or

(j) indebtedness arising with respect to (i) customary indemnification obligations or purchase price adjustments pursuant to Acquisitions permitted pursuant to this Indenture and (ii) guaranties made in the ordinary course of business of obligations of any other Obligated Affiliate;

(k) the purchase by the Obligated Group Agent of the capital stock of JTJ Medical pursuant to (A) that certain Stock Option Call Agreement by and between the Obligated Group Agent and Mark J. Theobald, dated October 19, 2018 and/or (B) that certain Stock Option Put Agreement by and between Obligated Group Agent and Mark J. Theobald, dated October 19, 2018; provided that such purchase shall not be permitted if (i) there is a payment default hereunder or an Event of Default has occurred and is continuing, (ii) the Obligated Group would not be in pro forma compliance with *Section 8.26* and *Section 8.27* hereof after giving effect to such purchase or (iii) such purchase would cause an Event of Default hereunder; or

(l) any other Investments or Acquisitions approved in writing by the Holders of a majority in principal amount of the Controlling Master Debt.

Section 8.33. *Vendor Contracts.*

No Obligated Affiliate shall permit the aggregate amount of obligations owing to any vendor or supplier to exceed \$150,000 (which amount may be increased with the prior written consent of the Holders of a majority of the outstanding principal amount of the Controlling Master Notes) at any one time if such obligations are secured by assets of any Obligated Affiliate (other than the inventory purchased from such vendor or supplier). Each Obligated Affiliate covenants and agrees to use commercially reasonable efforts (i) to amend any existing agreement with vendor or supplier (including, without limitation, any existing agreements with AmerisourceBergen, McKesson or their affiliates) to limit the security grant therein to solely the inventory purchased from such vendor and (ii) to amend any UCC filings in favor of Cardinal Health or its affiliates, AmerisourceBergen or its affiliates and McKesson of its affiliates to limit the collateral description therein to solely the inventory purchased from such vendor, in each case within 30 days of the date hereof. Each Obligated Affiliate further covenants and agrees (i) that any vendor or supplier contract entered into after the date hereof (including, without limitation, any contract entered into with McKesson or its affiliates) will not contain a security interest in any assets of any Obligated Affiliate (other than the inventory purchased from such vendor or supplier), (ii) to post to the Reporting Website within 30 days after the end of each month a report showing in reasonable detail the outstanding obligations owing to any vendor or supplier that are secured by assets of any Obligated Affiliate (other than the inventory purchased from such vendor or supplier) and (iii) to post full and complete copies of any agreement with McKesson on the Reporting Website within 30 days of the date hereof.

* * *

ARTICLE NINE
OBLIGATED AFFILIATES, RESTRICTED
AFFILIATES AND DESIGNATED AFFILIATES

Section 9.01. *Admission as an Obligated Affiliate.*

Any Person may become an Obligated Affiliate if:

A. the Person proposing to become an Obligated Affiliate shall execute and deliver to the Trustee an indenture supplemental hereto which evidences the agreement of such Person while such Person is an Obligated Affiliate (i) to pay and guarantee all Master Debt then Outstanding and thereafter incurred on the terms provided in *Section 8.01*, (ii) to observe and perform each obligation of an Obligated Affiliate set forth herein and be bound by the terms hereof, and (iii) to grant to the Trustee a security interest in its Unrestricted Receivables and other Property comprising the Trust Estate, subject to the exceptions and exclusions contained in the *Granting Clauses* hereof;

B. the Combined Group Representative shall have delivered to the Trustee an Officer's Certificate (i) consenting to the inclusion of such Person as an Obligated Affiliate, (ii) stating that the admission and such supplemental indenture comply with this Section and that all conditions precedent provided in this Section relating to such admission have been complied with, and (iii) demonstrating that the Obligated Group will be in pro forma compliance with *Section 8.26* and *Section 8.27* immediately after giving effect to such admission; and

C. the Combined Group Representative shall have delivered to the Trustee an Opinion of Counsel to the effect that (i) the admission of such Person as an Obligated Affiliate will not adversely affect the exclusion from gross income of interest under the Code on any Outstanding Master Debt or any Debt secured by Outstanding Master Debt and otherwise entitled to such exemption, (ii) the admission of such Person as an Obligated Affiliate will not adversely affect the enforceability of this Indenture against any current Obligated Affiliate, (iii) the supplemental indenture required by *Subsection A* of this Section, and this Indenture as so supplemented, each constitute the legal, valid and binding obligation of such Person, enforceable in accordance with their respective terms and subject to customary exceptions, and (iv) all conditions precedent provided in this Section relating to such admission have been complied with.

Upon any Person becoming an Obligated Affiliate as provided in this Section:

(1) except as provided in *Section 4.02*, the Trustee may pursue any remedies consequent upon an Event of Default against any Obligated Affiliate, or all of them, without notice to, demand upon or joinder of (and without in any way releasing) any of the others, or against any one or more or all of them at the same time or at different times, including enforcement of the Restricted Affiliates' and the Designated Affiliates' undertakings in accordance with this Indenture;

(2) any right of contribution or right acquired by subrogation by any Obligated Affiliate against any other Obligated Affiliate arising out of the payment of Debt shall be

subordinated in time and right to the rights of the Trustee and the Holders of Master Debt; and

(3) each Obligated Affiliate shall be deemed to have (i) irrevocably designated the Combined Group Representative (if one be serving at that time) as its attorney in fact with full power of substitution to perform, satisfy and discharge every obligation, covenant, duty or liability to be performed on the part of such Obligated Affiliate hereunder, and to exercise any right, privilege or power hereunder or in respect of any security for the Master Debt, and (ii) granted the Combined Group Representative the powers, in the named and stead of such Obligated Affiliate, set forth in *Section 1.14*.

Section 9.02. *Withdrawal of Obligated Affiliates.*

No Obligated Affiliate shall withdraw as an Obligated Affiliate, without the prior consent of each Holder of the Controlling Master Debt (by Act of such Holders delivered to the Combined Group Representative and the Trustee).

Section 9.03. *Designation as a Restricted Affiliate.*

Any Affiliate of any Obligated Affiliate that satisfies the conditions set forth in the definition of “*Restricted Affiliate*” in *Section 1.01* shall become a Restricted Affiliate upon Request of the Combined Group Representative that such Affiliate become a Restricted Affiliate accompanied by:

A. a written undertaking for the benefit of the Combined Group and the Trustee executed by such Person evidencing the agreement of such Person to observe and perform the obligations of a Restricted Affiliate in accordance with this Indenture, and to comply with all covenants herein which apply to Restricted Affiliates for so long as such Person remains a Restricted Affiliate; and

B. an Opinion of Counsel to the effect that the conditions contained herein relating to designation of a Restricted Affiliate have been satisfied and that the instrument described in *Clause (A)* above has been duly authorized, executed and delivered by such Person and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject only to and limited by the then existing law relating to bankruptcy and insolvency and other standard and customary legal exceptions.

Upon any Person becoming a Restricted Affiliate as provided in this Section, each Restricted Affiliate shall be deemed to have (i) irrevocably designated the Combined Group Representative (if one be serving at that time) as its attorney in fact with full power of substitution to perform, satisfy and discharge every obligation, covenant, duty or liability to be performed on the part of such Restricted Affiliate hereunder, to exercise any right, privilege or power hereunder or in respect of any security for the Master Debt, and (ii) granted the Combined Group Representative the powers, in the name and stead of such Restricted Affiliate, set forth in *Section 1.14*.

Section 9.04. *Release of a Restricted Affiliate.*

A Restricted Affiliate shall be released from its obligations and status as a Restricted Affiliate either upon (i) becoming an Obligated Affiliate or a Designated Affiliate, or (ii) delivery to the Trustee of an Officer's Certificate of the Combined Group Representative requesting that such Person no longer be a Restricted Affiliate and be released from its obligations and status as a Restricted Affiliate hereunder, stating that all conditions precedent provided for under this Indenture relating to the release of such Person as a Restricted Affiliate have been complied with, and stating that were such Person released as a Restricted Affiliate on the date of such Officer's Certificate, no Default or Event of Default would arise out of such release, which Officer's Certificate shall be delivered to the Trustee if a Restricted Affiliate no longer satisfies the conditions set forth in the definition of "*Restricted Affiliate*" in *Section 1.01*.

Section 9.05. *Designation as a Designated Affiliate.*

Any Person that satisfies the conditions set forth in the definition of "*Designated Affiliate*" in *Section 1.01* shall become a Designated Affiliate upon Request of the Combined Group Representative that such Person become a Designated Affiliate accompanied by:

A. a written undertaking for the benefit of the Combined Group and the Trustee executed by such Person evidencing the agreement of such Person to observe and perform the obligations of a Designated Affiliate in accordance with this Indenture, and to comply with all covenants herein which apply to Designated Affiliates for so long as such Person remains a Designated Affiliate; and

B. an Opinion of Counsel to the effect that the conditions contained herein relating to designation of a Designated Affiliate have been satisfied and that the instrument described in *Clause (A)* above has been duly authorized, executed and delivered by such Person and constitutes a legal, valid and binding agreement of such Person, enforceable in accordance with its terms, subject only to and limited by the then existing law relating to bankruptcy and insolvency and other standard and customary legal exceptions.

Upon any Person becoming a Designated Affiliate as provided in this Section, each Designated Affiliate shall be deemed to have (i) irrevocably designated the Combined Group Representative (if one be serving at that time) as its attorney in fact with full power of substitution to perform, satisfy and discharge every obligation, covenant, duty or liability to be performed on the part of such Designated Affiliate hereunder, to exercise any right, privilege or power hereunder or in respect of any security for the Master Debt, and (ii) granted the Combined Group Representative the powers, in the name and stead of such Designated Affiliate, set forth in *Section 1.14*.

Section 9.06. *Release of a Designated Affiliate.*

A Designated Affiliate shall be released from its obligations and status as a Designated Affiliate either upon (i) becoming an Obligated Affiliate or a Restricted Affiliate, or (ii) delivery to the Trustee of an Officer's Certificate of the Combined Group Representative requesting that such Person no longer be a Designated Affiliate and be released from its obligations and status as a Designated Affiliate hereunder, stating that all conditions precedent provided for under this Indenture relating to the release of such Person as a Designated Affiliate have been complied with, and stating that were such Person released as a Designated Affiliate on the date of such Officer's Certificate, no Default or Event of Default would arise out of such release, which Officer's Certificate shall be delivered to the Trustee if a Designated Affiliate no longer satisfies the conditions set forth in the definition of "*Designated Affiliate*" in *Section 1.01*.

*

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ARTICLE TEN FUNDS

Section 10.01. *Establishment of Funds.*

From time to time as necessary to carry out the provisions and purposes hereof, there may be established by any Obligated Affiliate one or more funds, including, without limitation, debt service funds or revenue funds, to better provide for the payment of all or any part of the Outstanding Master Debt and for the fulfillment of the obligations of the Combined Group hereunder.

Any such fund may be established by the execution of a supplemental indenture pursuant to *Section 7.01B* or *7.01J* hereof, which supplemental indenture shall set forth the terms for deposits to and withdrawals from such fund, *provided* that the security for such deposits and the investment thereof shall be as provided in *Sections 10.02* and *10.03*.

Section 10.02. *Security for Deposits.*

All money held by the Trustee or any Paying Agent for the credit of the funds established under *Section 10.01* in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured by the Trustee or such Paying Agent, if then required by applicable state or federal laws, for the benefit of the Obligated Affiliates and the Holders of Master Debt, in any manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, of granting a preference in the case of, the deposit of trust funds; *provided, however*, that it shall not be necessary for the Trustee or such Paying Agent to give such security for the deposit with it of any money to be used to pay principal (and premium, if any), interest or other debt service charges which is at the time of such deposit due and payable with respect to any Master Debt, or for the Trustee or such Paying Agent to give security for any money which shall be represented by obligations purchased under the provisions of *Section 10.03* as an investment of such money.

Section 10.03. *Investments.*

Money held for the credit of any fund established under *Section 10.01* shall, as nearly as may be practicable, be continuously invested and reinvested by the Trustee or any Paying Agent at the written direction of the Combined Group Representative in Eligible Investments. The Combined Group Representative shall direct the Trustee or such Paying Agent to invest in Eligible Investments that shall mature, or shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when money is expected to be required for the purpose intended. Obligations so purchased as an investment of any money credited to any such fund shall be deemed at all times to be a part of such fund. The interest accruing on obligations so purchased or on interest bearing time deposits and any profit realized from such investment shall be credited to such fund and any loss resulting from such investment shall be charged to such fund. For the purpose of determining the amount on deposit to the credit of any such fund, obligations in which money in such fund shall have been invested shall be valued by the Trustee or such Paying Agent at the fair market value thereof. Such fair market value shall be determined by the Trustee or such Paying Agent using, and relying conclusively and without liability upon,

any generally accepted industry standard and from a generally accepted pricing information service available to it.

The Trustee and any Paying Agent shall sell or present for redemption any obligations held for the credit of any fund established under *Section 10.01* whenever it shall be necessary to do so in order to provide money to make any payment or transfer of money therefrom. The Trustee or such Paying Agent shall not be liable for any loss resulting from any such investment or sale of any amounts in funds established under *Section 10.01* excepting only such losses as may have resulted from negligent disregard or negligent implementation of any permitted direction by the Combined Group Representative.

The Trustee and any Paying Agent may make investments in or through its own bank or any of its affiliates to the same extent it could if it were not the Trustee hereunder. The Trustee, such Paying Agent, its bank or its affiliates may receive compensation in connection with investments made pursuant to this Indenture.

The Trustee and any Paying Agent may rely on the investment directions of the Combined Group Representative as to the suitability and the legality of the directed investments.

Although each of the Combined Group Representative and the Obligated Affiliates recognizes that it may obtain a broker confirmation with respect to the investment of moneys in any fund or account (or a written statement containing comparable information) at no additional cost, the Combined Group Representative and the Obligated Affiliates hereby agree that confirmations of transactions related to Eligible Investments are not required to be issued by the Trustee or any Paying Agent for any month in which a monthly statement is rendered. No statement need be rendered for any fund or account for any month if no activity occurred in such fund or account during such month.

* * *

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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

CAN COMMUNITY HEALTH, INC., as an
“Obligated Affiliate” and as the initial
“Combined Group Representative”

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

CANTRANSPORT, LLC, as an “Obligated
Affiliate”

By: **CAN Community Health, Inc.**, its Authorized
Member

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

MIDLAND MEDICAL - BROWARD, LLC, as
an “Obligated Affiliate”

By: **MidlandCAN, LLC**, its sole Manager

By: **CAN Community Health**, its sole Manager

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

MIDLAND RESEARCH, LLC, as an “Obligated Affiliate”

By: **MidlandCAN, LLC**, its sole Manager

By: CAN Community Health, its sole Manager

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

MIDLANDCAN, LLC, as an “Obligated Affiliate”

By: **CAN Community Health, Inc.**, its sole
Manager

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

JTJ MEDICAL SUPPLY INC., as an “Obligated Affiliate”

By: _____
Richard E. Carlisle, sole Director

**PRIDE PHARMACEUTICS, LLC, as an
“Obligated Affiliate”**

By: **MidlandCAN, LLC**, its sole Manager

By: CAN Community Health, its sole Manager

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

**PRIDE PHARMACY, LLC, as an “Obligated
Affiliate”**

By: **MidlandCAN, LLC**, its sole Manager

By: CAN Community Health, its sole Manager

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

**TAMPA FAMILY PHARMACY, LLC, as an
“Obligated Affiliate”**

By: **CAN Community Health, Inc.**, its sole
Manager

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Leanne Duffy, Vice President

Schedule 8.07

Outstanding Debt

Debt outstanding as of the date of the Indenture consists of the following (as such terms are defined in the Indenture):

1. Iberia Bilateral Loans
2. Aircraft Loan
3. Seller Notes

Schedule 8.16

Commercial Tort Claims

(to be supplemented from time to time in accordance with Section 8.16)

None as of 12/30/2020.

EXHIBIT A

Description of Mortgaged Property

PARCEL A:

Lots 1, 2, 3, 4, 5, 6, 7 and 8, Block A and Lots 1, 2, 3 and 4, Block B, ELYSIA SUBDIVISION, as per plat thereof recorded in Plat Book 1, Page 208 of the Public Records of Sarasota County, Florida, together with that portion of Garrison Street vacated November 1, 1954, Deed Book 372, Page 510 of said records, lying between the East 21.65' of Lot 2, Lots 4, 6, and 8, Block A to the North and the East 21.65' of Lot 1, Lots 2, 3 and 4, Block B to the South in said Elysia Subdivision; LESS the West 30.00' of Lots 1 and 2, Block A and LESS the West 30.00' of Lot 1, Block B of said ELYSIA SUBDIVISION, as per plat thereof recorded in Plat Book 1, Page 208, of the Public Records of Sarasota County, Florida; LESS that certain parcel of land conveyed to the State of Florida, Department of Transportation pursuant to Order of Taking recorded in O.R. Book 1895, Page 253, of said records.

PARCEL B:

Lots 9, 10, 11, 12, 13, 14, 15 and 16, Block A and Lots 5,6,7, and 8, Block B, ELYSIA SUBDIVISION, as per plat thereof recorded in Plat Book 1, Page 208, Public Records of Sarasota County, Florida, AND all of that portion of the vacated street lying between Lots 10, 12, 14, and 16, Block A, and Lots 5, 6, 7, and 8, Block B of said ELYSIA SUBDIVISION; LESS that certain parcel of land conveyed to the State of Florida, Department of Transportation pursuant to Order of Taking recorded in O.R. Book 1895, Page 253, of said records.

PARCEL 1

Lots 9, 10 and 11, and the South ½ of a vacated street, Block B, ELYSIA, according to the map or plat thereof as recorded in Plat Book 1, Page 208, Public Records of Sarasota County, Florida

Together with an easement of 20 feet for ingress and egress as described in Official Records Book 134, Page 235, Public Records of Sarasota County, Florida.

PARCEL 2

Lots 12, 13 & 14, Block B, ELYSIA, according to the map or plat thereof as recorded in Plat Book 1, Page 208, Public Records of Sarasota County, Florida.

Also that certain strip of land 15 feet wide lying along the North side of the above described property as derived from reference in Official Records Book 134, Page 235, Public Records of Sarasota County, Florida.

Together with that certain 20 foot easement for Garrison Street as described in said Official Records Book 134, Page 235, Public Records of Sarasota County, Florida.

APPENDIX C
FORM OF THE BOND INDENTURE

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CAN COMMUNITY HEALTH, INC.

to

U.S. BANK NATIONAL ASSOCIATION
as Trustee

BOND INDENTURE

Dated as of December 30, 2020

Series 2020 Taxable Bonds

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EXHIBIT A FORM OF BONDS

EXHIBIT B REPRESENTATIONS OF BENEFICIAL OWNER OR REGISTERED OWNER, AS APPLICABLE

BOND INDENTURE

THIS BOND INDENTURE, dated as of December 30, 2020 (this “Indenture”), by and between **CAN COMMUNITY HEALTH, INC.**, a Florida not for profit corporation (the “Company”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”);

WITNESSETH:

WHEREAS, the Company is a Florida not for profit corporation that has been recognized as an exempt organization defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time; and

WHEREAS, the Company has determined to issue its Series 2020 Taxable Bonds (the “Bonds”) in the aggregate principal amount of \$91,350,000 (the “Bonds”), the proceeds of which will be used to (i) refinance certain outstanding indebtedness of the Company, (ii) finance certain capital expenditures, (iii) finance the acquisition, renovation, construction and equipping of additional facilities to be owned by or leased to the Company, (iv) fund a debt service reserve fund for the Bonds, and (v) pay a portion of the expenses incurred in connection with the issuance of the Bonds; and

WHEREAS, to evidence and secure its payment obligations hereunder with respect to the Bonds, this Indenture will be authenticated as Senior Master Debt under and pursuant to a Master Trust Indenture dated as of December 30, 2020, as amended and supplemented from time to time (collectively, the “Master Indenture”), by and among the Company, CANTransport, LLC, JTJ Medical Supply Inc., Midland Medical – Broward, LLC, Midland Research Group, LLC, MidlandCAN, LLC, Pride Pharmaceuticals, LLC, Pride Pharmacy, LLC and Tampa Family Pharmacy, LLC (collectively, the “Obligated Affiliates”), and U.S. Bank National Association, as master trustee (the “Master Trustee”); and

WHEREAS, the obligations of the Obligated Affiliates under the Master Indenture, including the 2020 Master Debt, are secured by liens in favor of the Master Trustee on the revenues and real and personal property of the Obligated Affiliates, a covenant not to take or permit any action that would create or allow any liens to exist, except any Permitted Encumbrances (as defined in the Master Indenture), on any real property, personal property or equipment, other than a lien arising in connection with the issuance of Master Debt as permitted by the Master Indenture or as otherwise permitted the Master Indenture; and

WHEREAS, the Company is entering into this Indenture for the purpose of authorizing the Bonds and securing the payment thereof; and

WHEREAS, the Bonds and the Certificate of authentication to be endorsed by the Trustee on all Bonds as provided herein shall be substantially in the forms set forth in Exhibit A, attached hereto and made a part hereof, with such variations, omissions and insertions as are required or permitted by this Indenture; and

WHEREAS, all acts, conditions and things required to happen, exist and be performed precedent to and in the execution and delivery of this Indenture have happened, exist and have been

performed as so required to make this Indenture a valid and binding trust indenture securing the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure all Bonds issued and Outstanding under this Indenture, the payment of the principal or Redemption Price (as the case may be) thereof and interest thereon, the rights of the Owners (as hereinafter defined), and the performance of the covenants contained in said Bonds and herein, the Company pledges its full faith and credit to pay the principal of or Redemption Price (as the case may be), and interest on, the Bonds and does hereby agree and covenant with U.S. Bank National Association, as Trustee, its successors in the trust and its assigns forever, for the equal and ratable benefit and security of all present and future Beneficial Owners (as defined herein) of the Bonds issued and to be issued under this Indenture, except as otherwise provided herein or in a supplement hereto, without preference, priority or distinction as to lien or otherwise of any one Bond over any other Bond, as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Certain Defined Terms.

In addition to the definitions included in the recitals to this Indenture, as used in this Indenture (except as otherwise expressly provided or unless the context otherwise requires) the following terms shall have the meanings specified below:

“2020 Master Debt” means the Senior Master Debt evidenced by this Indenture.

“Authorized Denomination” means, for any Bond, the denomination of \$25,000 or any integral multiple of \$5,000 in excess thereof.

“Beneficial Owners” means for any Book-Entry Bond, the beneficial owner of such Book-Entry Bond.

“Bond Fund” means the fund so designated and established by the Trustee in accordance with Section 4.2 hereof.

“Bond Proceeds Fund” means the fund so designated and established by the Trustee in accordance with Section 4.2 hereof.

“Book-Entry Bond” means all Bonds for which the Securities Depository or its nominee is the Owner.

“Business Day” means any day other than a day on which (a) banks located in the city in which the Designated Office of the Trustee is located are authorized or required by law to close, or (b) The New York Stock Exchange or the payment system of the Federal Reserve System is closed.

“Capital Stock” means (i) with respect to any Person that is a corporation, any and all shares, interests or equivalents in capital stock (whether voting or nonvoting, and whether common or preferred) of such corporation or (ii) with respect to any Person that is not a corporation, any and all partnership, membership, limited liability company or other equity interests of such Person; and in each case, and all warrants, rights or options to purchase any of the foregoing or (iii) with respect to any Person that is a not for profit corporation not having stock, such corporation’s members if the members have complete discretion to elect the corporation’s directors, or the corporation’s directors if the corporation does not have members or the corporation’s members do not have such discretion.

“Certificate” means a written statement signed by or on behalf of the Person charged with responsibility therefor.

“Change of Control” one of the following events: (i) any sale, lease, exchange or other transfer (in a single transaction or a series of related transactions) of all of substantially all of the assets of the Obligated Group to any Person (or “group” within the meaning of the Exchange Act or the rules of the Securities and Exchange Commission thereunder in effect on the date hereof) , other than a sale, lease, exchange or other transfer to another Obligated Group Member, (ii) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person (or “group” within the meaning of the Exchange Act or the rules of the Securities and Exchange Commission thereunder in effect on the date hereof), of 25% or more of the issued and outstanding Capital Stock of an Obligated Affiliate other than by a Person that is (a) record holder of the issued and outstanding Capital Stock of an Obligated Affiliate as of the Closing Date or (b) is an Affiliate of an Obligated Affiliate, (iii) except to the extent such a change is the result solely of the retirement, resignation, death or disability of directors who are directors as of the Closing Date, the occupation of a majority of the seats (other than vacant seats) on the board of directors of CAN by Persons who are neither (a) directors as of the Closing Date, (b) nominated by the current board of directors, nor (c) appointed by directors so nominated, (iv) an Obligated Affiliate ceases to own, directly or indirectly, at least the percentage interest of the Capital Stock in its Subsidiaries owned by it as of the Closing Date, or (v) CAN loses its 501(c)(3) status.

“Change of Control Offer” has the meaning set forth in Section 2.15 hereof.

“Change of Control Payment” has the meaning set forth in Section 2.15 hereof.

“Change of Control Payment Date” means the date specified in Section 2.15 hereof.

“Closing Date” means the date of issuance and delivery of the Bonds.

“Closing Statement” means a written direction of the Company to the Trustee regarding the disbursement of the initial sale proceeds of the Bonds.

“Company Payment Account” means the account in the Purchase Fund created in Section 4.2(c) hereof.

“Counsel” means an attorney-at-law or law firm (which may be counsel for the Trustee or the Company), or with respect to the status of interest under federal income tax law, shall mean such counsel of nationally recognized standing with respect to such matters.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created in Section 4.2 hereof.

“Debt Service Reserve Fund Obligations” means cash and investments permitted pursuant to Section 4.6 hereof.

“Debt Service Reserve Fund Requirement” means, initially, \$7,735,000, provided, however, that at all times after the Closing Date until the maturity of the Bonds, the amount required to be on deposit in the Debt Service Reserve Fund shall never be less than the dollar amount of the scheduled interest payments due on the Bonds during the next 12 months (i.e. covering the next two semi-annual interest payments). In the event that the interest rate on the Bonds increases as a result of a remarketing event, the adjusted Debt Service Reserve Requirement shall be calculated as provided in Section 6.7(c) hereof.

“Depository Procedures” means the operational arrangements of DTC or other applicable Securities Depository applicable to the deposit, transfer, exchange, registration, redemption and payment of, and other matters pertaining to, any Book-Entry Bonds, as established from time to time by DTC or such other Securities Depository and agreed to by the Company, the Trustee, and the Paying Agent, as applicable.

“Designated Investment Banker” means Hilltop Securities Inc.

“Designated Office” means, with respect to the Trustee, the office specified in Section 11.4 hereof or such other address as may hereafter be specified in writing by the Trustee, for purposes of notices to be given and actions to be taken hereunder.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the New York Banking Law, and any successor company. References to DTC herein may include, as the context may require, its nominee, Cede & Co.

“Eastern Time” means the time given on any given day in Eastern Standard Time or Eastern Daylight Savings Time, as applicable.

“EBITDA” shall mean, for the Company and the Obligated Affiliates as of any date of determination, on a consolidated basis, the excess of gross revenue over expenses, before adjustments for allocations with respect to Non-Controlling Interests, for the twelve (12) month period ended on such date of determination, determined on a consolidated basis in accordance with GAAP adjusted for non-recurring and non-cash items as determined by the Company and approved by the Owners of a majority in principal amount of the Bonds then Outstanding in their sole but reasonable discretion, plus (A) Interest Expense for such period, plus (B) income tax expense for such period, plus (C) depreciation expense for such period, and plus (D) amortization (including amortization of intangibles) expense for such period.

“Electronic Means” means telecopy, facsimile transmission, or, if approved in writing by the Trustee hereafter, e-mail transmission or other similar electronic means of communication, in each case capable of being evidenced by a tangible copy.

“Escrow Cash Flow Fund” means the Escrow Cash Flow Fund created in Section 4.2 hereof.

“Event of Default” means any of the events described in Article 7 hereof.

“Excess Cash Flow Recapture Amount” shall mean, for each fiscal quarter, an amount equal to twenty-five percent (25%) of the prior quarter’s EBITDA, minus all scheduled payments of principal and interest, including without limitation, the Subordinate Debt for such fiscal quarter and specifically excluding the payment due at maturity under the Seller Notes if made during such fiscal quarter, as determined by the Company with reference to the quarterly financial statements for such fiscal quarter in accordance with Section 8.10 of the Master Indenture for such fiscal quarter.

“Financial Consultant” means a professional investment banking firm, commercial banking institution or financial advisory firm having the skill and experience necessary to render the particular report required and having a recognized reputation for such skill and experience, which firm shall have no interest, direct or indirect, in the Company or any Obligated Affiliate and shall not have a partner, member, director, officer or employee who is a member, director, officer or employee of any Obligated Affiliate; it being understood that an arm’s-length contract between such firm or institution and the Company for the performance of investment banking, commercial banking or financial advisory services shall not in and of itself be regarded as creating an interest in or an employee relationship with such entity.

“Fiscal Year” means the fiscal year of the Company, ending on June 30 of each calendar year, or such other consecutive 12-month period selected by a Responsible Officer as the fiscal year for the Company and designated from time to time in writing by the Responsible Officer to the Trustee, and subject to the designation of an Interim Period pursuant to Section 8.10E of the Master Indenture; *provided* that for purposes of making calculations or determinations set forth in the Master Indenture on a Fiscal Year basis, or for purposes of combinations or consolidations of accounting information, with respect to those Persons (as defined in the Master Indenture) whose actual fiscal year is different from that designated above, the actual fiscal year of such Persons which ended within the Fiscal Year of the Members of the Obligated Group or of the System (as defined in the Master Indenture), as applicable, shall be used.

“GAAP” shall mean (i) prior to the date that Company is required to adopt International Financial Reporting Standards (“IFRS”), generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principal Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied; and (ii) on and after the date that Company is required to adopt IFRS, IFRS as issued and set forth in the pronouncements of the International Accounting Standards Board, including standards and interpretations approved by the International Accounting Standards Board and its predecessor the International Accounting Standards Committee, that are applicable to the circumstances as of the date of determination, consistently applied, subject to the terms of Section 1.3 hereof.

“Government Obligations” means (1) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the “United States”), or (2) evidences of ownership in specified direct obligations of, or obligations the principal

of and interest on which is unconditionally guaranteed by, the United States, which obligations are held by a bank or trust company organized under the laws of the United States or any state thereof as custodian.

“Indemnitees” has the meaning specified in Section 8.4(b) hereof.

“Indenture” means this Indenture between the Company and the Trustee as originally executed and as amended or supplemented as herein provided.

“Interest Expense” shall mean, without duplication, for the Company and the Obligated Affiliates from time to time for any period determined on a consolidated basis in accordance with GAAP, the sum of (i) total interest expense, including without limitation the interest component of any payments in respect of Capital Lease Obligations capitalized or expensed during such period (whether or not actually paid during such period) *plus* (ii) the net amount payable (or *minus* the net amount receivable) under interest rate hedging transactions during such period (whether or not actually paid or received during such period).

“Interest Payment Date” means March 1 and September 1 in each year, commencing March 1, 2021.

“Losses” has the meaning specified in Section 8.4(b) hereof.

“Maturity Date” means March 1, 2028.

“Maximum Rate” means the highest rate of interest permitted by law.

“Non-Controlling Interest” means, with respect to any Obligated Affiliate other than the Company, the portion of equity ownership in such Obligated Affiliate not attributable to such Obligated Affiliate’s controlling parent company and where such controlling parent company consolidates the subsidiary’s financial results with its own.

“Obligated Affiliate” means, at any date, any Person that has become an Obligated Affiliate by execution of the Master Trust Indenture or pursuant to *Section 9.01* thereof and has not theretofore been released from its status as an Obligated Affiliate pursuant to *Section 9.02* thereof.

“Obligated Group” means collectively all Obligated Affiliates.

“Obligated Group Agent” means, initially, the CAN Community Health, Inc., as the Obligated Group Agent under the Master Indenture, or such other Obligated Affiliate that may be acting as the Obligated Group Agent under the Master Indenture.

“Officer’s Certificate” means a Certificate signed by a Responsible Officer.

“Outstanding,” in connection with the Bonds, means, as of the time in question, all Bonds authenticated and delivered under this Indenture, except:

- (a) Bonds theretofore cancelled or required to be cancelled under the terms of this Indenture;

(b) Bonds for the payment, redemption, or purchase of which cash or non-callable Government Obligations, the principal of, and the interest on which, when due, will provide sufficient money to fully pay such Bonds or any portion thereof in accordance with the terms thereof, shall have been or shall be concurrently deposited with the Trustee; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision satisfactory to the Trustee or other appropriate party shall have been made therefor, and that if such Bonds are being purchased, there shall be a firm commitment for the purchase and sale thereof; or

(c) In substitution for which other Bonds have been authenticated and delivered pursuant to this Indenture.

“Owner” means the Person or Persons in whose name or names a Bond is registered on the books of the Trustee kept for that purpose in accordance with this Indenture and the Bonds; provided, however, that in the case of any consent, request, direction, approval, objection or other instrument required by this Indenture, “Owner” shall mean the Beneficial Owner of the Bonds.

“Paying Agent” means the Trustee or any other bank or trust company designated by the Company to act as paying agent pursuant to this Indenture as paying agent for the Bonds at which the principal or Redemption Price of, or interest on, any such Bonds shall be payable.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, an unincorporated organization, a governmental body, any other political subdivision, municipality or municipal authority or any other group or entity.

“Purchase Date” has the meaning set forth in Section 2.14 hereof.

“Purchase Fund” means the Purchase Fund created in Section 4.2(c) hereof.

“Purchase Notice” has the meaning set forth in Section 2.14 hereof.

“Purchase Price” means, with respect to the tendering of Bonds, and an amount equal to the principal amount of such tendered Bonds plus accrued interest thereon to, but not including, the Reset Date.

“Qualified Institutional Buyer” means a qualified institutional buyer within the meaning of Rule 144A under the Securities Act.

“Rating Agency” means each of the following: (a) Moody’s Investors Service, Inc.; (b) Standard and Poor’s Ratings Group, a Division of the McGraw Hill Companies; (c) Fitch Ratings; and (d) if any of the foregoing shall not, at the particular time, provide rating services, any nationally recognized rating agency designated by the Obligated Group Agent and communicated in writing to the Trustee.

“Rating Category” means any of the principal rating categories assigned to investment securities or credit facilities by any Rating Agency, without regard to any gradation or distinction within any Rating Category (such as may be identified by numerical symbols or the symbols “+” or “-”).

“Redemption Date” means the date selected by the Company for optional redemption of the Bonds, pursuant to and in accordance with the provisions of the Bonds.

“Redemption Premium” means an amount equal to the percentage of the applicable Redemption Price of the Bonds to be redeemed set forth in the Bonds which exceeds 100% of the principal amount thereof (in the case of an acceleration of the Bonds pursuant to Section 7.3 hereof prior to March 1, 2024, the Redemption Price is deemed to be 112% and the Redemption Premium is an amount equal to 12% of the principal amount thereof).

“Redemption Price” shall have the meaning assigned to such term in the form of Bond set forth on Exhibit A.

“Regular Record Date” means the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding each Interest Payment Date (i.e., each February 15 and August 15).

“Remarketing Account” means the account in the Purchase Fund created in Section 4.2(c) hereof.

“Remarketing Agent” means, initially, Hilltop Securities Inc., and its successors or assigns, and any successor thereto selected by the Company to perform the duties of the remarketing agent for the purposes of Section 2.13 of this Indenture.

“Replacement Master Indenture” has the meaning specified in Section 6.2 hereof.

“Reset Date” means March 1, 2024, or such later date on which Tendered Bonds are remarketed by the Remarketing Agent in accordance with Section 2.13(c) hereof.

“Reset Period” means the period of time commencing on the Reset Date and ending on the Maturity Date.

“Reset Rate” means the interest rate selected by the Company pursuant to this Indenture to commence on the Reset Date.

“Responsible Officer” means the Chairman, the Chief Executive Officer, the President, the Chief Financial Officer, the Secretary, the Treasurer or the General Counsel of the Company, and any other person designated by the Chief Executive Officer of the Company to act generally or with respect to the execution of any particular document or other specific matter under this Indenture.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Depository” means DTC or other Person registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934, as amended, or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such Act for purposes of Section 17A thereof.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on

the registration books maintained by the Trustee the Bond Certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“Seller Notes” has the meaning assigned to such term in the Master Indenture.

“Senior Master Debt” has the meaning assigned to such term in the Master Indenture.

“Special Record Date” for the payment of any Defaulted Interest (as defined in Section 2.1 hereof) means a date fixed by the Trustee in accordance with the provisions of Section 2.1 hereof.

“Subordinate Debt” has the meaning specified in the Master Indenture.

“Subsidiary” means, with respect to any Person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

“Supplemental Indenture” means any supplement to this Indenture authorized pursuant to Section 9.1 or 9.2 hereof.

“Tender Notice” means the notice described in Section 2.13(b) hereof.

“Tendered Bonds” means Bonds tendered for purchase by an Owner pursuant to Section 2.13 hereof.

Section 1.2 Rules of Interpretation.

(a) The words “hereof,” “herein,” “hereto,” “hereby,” and “hereunder” refer to this Indenture.

(b) All words importing Persons include firms, associations and corporations, and all words importing the singular number include the plural number and vice versa.

Section 1.3 Accounting Matters.

(a) Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated

and consolidating financial statements of the Obligated Group delivered pursuant to Section 6.6 hereof. Notwithstanding any other provision contained herein, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any similar accounting principle) permitting a Person to value its financial liabilities at the fair value thereof. For purposes of determining compliance with any covenant (including computation of any financial covenant) contained herein, Indebtedness of the Obligated Group shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB Accounting Standards Codification 825 on financial liabilities shall be disregarded.

(b) If at any time any change in GAAP, including the adoption of IFRS, would affect the computation of any financial ratio or requirement set forth herein, and either the Company or the Owners of a majority of principal amount of Bonds Outstanding shall so request, the Owners of a majority of principal amount of Bonds Outstanding and Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP as in effect prior to such change therein and (ii) Company shall provide to the Owners of a majority of principal amount of Bonds Outstanding financial statements and other documents required under this Indenture or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

ARTICLE II

THE BONDS

Section 2.1. Form and Terms of Bonds.

(a) There are hereby authorized for initial issuance under this Indenture \$91,350,000 aggregate principal amount of the Bonds.

(b) The form of the Bonds shall be as set forth on Exhibit A hereto with such additions, deletions and modifications as shall be necessary or appropriate to reflect the terms of the applicable Bonds. The Bonds shall be sold and transferred only in accordance with the transfer restrictions set forth in the legend on the form of Bond as set forth on Exhibit A. The Bonds shall be issued in denominations of \$25,000 and any integral multiple of \$5,000 in excess thereof and shall be initially dated and authenticated as of the date of original issuance hereunder.

(c) The Bonds shall be subject to redemption prior to maturity as provided in the form of the Bond attached as Exhibit A and in Article 5 hereof.

(d) The Bonds will initially bear interest at the interest rate of eight and one-half percent (8.5%) per annum to but not including the Reset Date. On and after the Reset Date until the Maturity Date, Tendered Bonds shall bear interest at the Reset Rate and Bonds not tendered on the Reset Date shall continue to bear interest at the interest rate of eight and one-half percent (8.5%) until the Maturity Date, provided, however, in the event that the Tendered Bonds are remarketed at an interest rate greater than 8.5%, the interest rate on all outstanding Bonds shall be

increased to equal the interest rate of the remarketed bonds as provided in Section 2.13(c) hereof; provided further, however, in the event of a failed remarketing of Tendered Bonds on the Reset Date, the interest rate on all Bonds shall increase to the interest rate of ten and one-half percent (10.5%) per annum until an Event of Default shall have occurred due to such failure in accordance with Section 2.13(c) hereof. Interest shall accrue on the Bonds calculated on the basis of a 360-day year consisting of twelve 30-day months, and shall be paid as follows:

(i) Except as otherwise provided below, any interest payable on any Interest Payment Date will be paid to the Person in whose name such Bond is registered as of the close of business on the Regular Record Date for such Interest Payment Date.

(ii) Interest shall be paid by check or draft mailed on the applicable Interest Payment Date to each Owner at the address shown on the registration books maintained by or on behalf of the Company in accordance with Section 2.3 hereof.

(iii) Any interest which is not paid or duly provided for on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the registered Owner as of the applicable Regular Record Date as provided in (i) above and shall be paid instead to the Person in whose name the Bond is registered at the close of business on a Special Record Date established for the payment of such Defaulted Interest pursuant to the terms of such Bonds, such date to be not less than ten days (whether or not a Business Day) prior to the date of proposed payment. The Trustee shall, at the expense of the Company, cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner as of the Business Day preceding the mailing date, at his address as it appears in the registration books maintained by or on behalf of the Company in accordance with Section 2.3 hereof, not less than 10 days prior to such Special Record Date (but in no event more than 30 days prior to the proposed payment date).

(iv) Interest on any Bond shall cease to accrue on the maturity date thereof or date fixed for the redemption thereof, provided in the case of redemption that proper notice thereof has been given, and provided in each case that there has been irrevocably deposited with the Paying Agent on such maturity date or the date fixed for the redemption thereof an amount sufficient to pay the principal thereof, as applicable, plus all unpaid interest accrued thereon to such date.

(e) The principal or Redemption Price of the Bonds, and all interest thereon, shall be payable in any coin or currency of the United States, which, at the time of payment, is legal tender for the payment of public and private debts at the payment office of the Paying Agent. No payment of principal or Redemption Price shall be made on any Bond, unless and until such Bond is delivered to the Paying Agent for cancellation. If the date for payment of the principal or Redemption Price of, or interest on any Bond, or a date fixed for redemption of any Bond, shall be a Saturday, Sunday or other day on which banks in New York, New York or the jurisdiction of the Designated Office of the Trustee or the Master Trustee or payment office of the Paying Agent are required or permitted by law or executive order to close or the New York Stock Exchange or the Securities Depository is closed, then the date for such payment shall be the next day which is not a Saturday, Sunday or other day on which banks in New York, New York or the jurisdiction of the

Designated Office of the Trustee or the Master Trustee or payment office of the Paying Agent are required or permitted by law or executive order to close or the New York Stock Exchange or the Securities Depository is closed and payment on such date shall have the same force and effect as if made on the nominal date of payment.

(f) Notwithstanding the provisions of subsection (d) and (e) above, interest on any Bond and the Redemption Price of any Bond (i) shall be paid by of wire transfer of immediately available funds to the Securities Depository (if the Bonds are in book-entry form), and (ii) may be paid by wire transfer in immediately available funds to an account in a bank within the continental United States designated in writing by the Owner thereof in an aggregate principal amount of \$500,000 or more at the close of business on the Business Day preceding the Record Date; provided, however, that in the case of the payment of the Redemption Price, subject to Section 2.11 hereof, any Bonds to be redeemed are presented to the Paying Agent for cancellation and that the Trustee's records with respect to the payment of the principal of any Bond in accordance with this subsection shall be conclusive and binding on the Owner of any Bond so paid and each successive Owner thereof. Any such notice provided by an Owner in accordance with the preceding sentence may provide that it shall be effective for any and all future payment dates until otherwise specified in writing.

Section 2.2. No Additional Bonds.

The Bonds shall be the only series authorized to be issued hereunder and shall be limited to \$91,350,000 in outstanding principal amount in the aggregate.

Section 2.3. Registration of Bonds.

Subject to Section 2.11 hereof, the Company shall keep or cause to be kept, at the Designated Office of the Trustee, books for the registration, transfer or exchange of Bonds entitled to registration, transfer and exchange; and the Company will register, transfer or exchange or cause to be registered, transferred or exchanged therein, as hereinafter provided and under such reasonable regulations as it may prescribe, any Bonds entitled to be so registered, transferred or exchanged upon presentation thereof at such office or agency.

Section 2.4. No Transfers or Exchanges During Certain Periods.

Subject to Section 2.11 hereof, the Trustee shall not be required to transfer or exchange any Bond called for redemption in whole or in part.

Section 2.5. Manner of Effecting Transfer or Exchange.

Subject to Sections 2.11 and 2.12 hereof, any Bond may be exchanged, and the transfer of any Bond may be registered, at the agency or agencies of the Company to be maintained by it as provided in Section 2.2 hereof, upon surrendering such Bond for cancellation accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed by the Owner of such Bond or his duly authorized attorney or legal representative; and thereupon, but subject to such rights of transfer and exchange as such Bond shall have, the Company shall execute in the name of the transferee or transferees or exchange for, and the Trustee shall authenticate and deliver, a new Bond or Bonds, in authorized forms for the same aggregate principal amount. Such transfers and exchanges

shall be made without cost to the Owner, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Owner requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

Section 2.6. Status of Owners.

The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture; and payment of or on account of the principal or Redemption Price of, and interest on, such Bond shall be made only to or upon the order in writing of such Owner; but such registration may be changed as herein provided. Each such payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 2.7. Identification Numbers.

Any Bond may bear such numbers, letters, or other marks of identification or designation, including “CUSIP” numbers (if applicable), and may be endorsed with or have incorporated in the text thereof such legends or recitals with respect to transferability and may contain such provisions, specifications and descriptive words, not inconsistent in any case with the provisions of this Indenture, as may be approved by the Company and by Trustee. Neither the Company nor the Trustee makes any representation as to the accuracy or correctness of the “CUSIP” numbers printed on the Bonds or if used with any redemption.

Section 2.8. Execution, Authentication and Delivery.

(a) The Bonds shall be executed by the manual or facsimile signature of a Responsible Officer of the Company. No corporate seal of the Company shall be required to be impressed or affixed to any Bond, but the Bonds shall, for purposes of any applicable law be deemed to be sealed instruments.

(b) No Bond shall be valid for any purpose hereunder until the Certificate of authentication printed thereon is duly executed by the manual signature of an authorized signatory of the Trustee.

(c) If any of Person who shall have signed any of the Bonds shall cease to be an authorized officer or agent of the Company before the Bonds so signed shall have been actually authenticated by the Trustee or delivered by the Company, such Bonds nevertheless may be authenticated and delivered with the same force and effect as though the Person who signed such Bonds had not ceased to be such officer or agent of the Company and also any such Bond may be signed on behalf of the Company, by such Persons as at the actual date of the execution of such Bond shall be the proper officers or agents of the Company, although at the nominal date of such Bond any such Person shall not have been such officer of the Company.

Section 2.9. Mutilated, Lost or Destroyed Bonds.

Upon receipt by the Company and the Trustee of evidence satisfactory to each of them that any Outstanding Bond has been mutilated, lost or destroyed and of indemnity satisfactory to each of them, in their discretion, the Company, in its discretion, may execute, and thereupon the Trustee shall

authenticate and deliver, a new Bond of like tenor in exchange and substitution for, and upon surrender and cancellation of, the mutilated Bond or in lieu of and in substitution for the Bond so lost or destroyed. The Company may, for each new Bond authenticated and delivered under the provisions of this Section, require the payment of a fee and, in addition, the expenses, including counsel fees and disbursements and the allocated costs and expenses of in-house counsel and legal staff, which may be incurred by the Company and the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to have been lost or destroyed, shall constitute an original additional contractual obligation on the part of the Company, whether or not the Bond alleged to have been lost or destroyed is enforceable by any holder, and shall be entitled to the benefits of this Indenture to the same extent as the Bond or Bonds in substitution for which it was issued.

Section 2.10. Bonds to be Substantially of Same Tenor.

Subject to the qualifications hereinbefore set forth, the Bonds to be secured hereby shall, subject to the provisions hereof, be substantially of the tenor and effect hereinbefore recited, and no Bonds shall be or become valid or obligatory for any purpose, unless there shall be endorsed thereon a Certificate of authentication, substantially in the form hereinbefore recited, executed by the Trustee; and such Certificate on any Bond issued by the Company shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.11. Book-Entry System for Bonds.

(a) The Bonds shall be issued initially as Book-Entry Bonds consisting of one fully-registered Bond for the aggregate principal amount of the Bonds, which shall be registered in the name of Cede & Co., as nominee of DTC.

(b) All payments of the principal or Redemption Price of, and interest on, the Book-Entry Bonds and all notices with respect thereto, including notices of full or partial redemption, shall be made and given at the times and in the manner set out in the Depository Procedures, which shall govern in the event of any inconsistency between the provisions of this Indenture and the Depository Procedures. The Depository Procedures may be changed or amended at any time without the consent of the Owners.

(c) The book-entry registration system for the Bonds may be terminated and Certificates delivered to and registered in the name of the Beneficial Owners, under either of the following circumstances:

(i) The Securities Depository notifies the Company and the Trustee in writing that it is no longer willing or able to act as Securities Depository for the Book-Entry Bonds and a successor Securities Depository for the Book-Entry Bonds is not appointed by the Company prior to the effective date of such discontinuation; or

(ii) The Company determines that continuation of the book-entry system through DTC (or a successor Securities Depository) is not in the best interest of the Company or the Beneficial Owners of the Book-Entry Bonds.

In the event that the Securities Depository ceases to act as Security Depository in accordance with (i) above, the Company shall promptly appoint a successor Securities Depository. Upon the appointment of such successor Securities Depository, the Book-Entry Bonds will be registered in the name of such successor Securities Depository or its nominee.

In the event Certificates are required to be issued to Beneficial Owners, the Trustee and the Company shall be fully protected in relying upon a Certificate of the Securities Depository as to the identity of and the principal amount of Book-Entry Bonds held by such Beneficial Owners. The Beneficial Owners will not receive physical delivery of Certificates except as provided herein.

(d) For so long as there is a Securities Depository for the Bonds: (i) such Bonds shall be issued in a single denomination equal to the entire principal amount thereof and shall be registered in the name of the Securities Depository; (ii) all transfers of beneficial ownership interests in such Bonds will be made in accordance with the Depository Procedures; and (iii) no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Book-Entry Bonds shall receive, hold or deliver any Certificate. The Company and the Trustee shall have no responsibility or liability for transfers of beneficial ownership interests in such Bonds.

(e) The Company and the Trustee will recognize the Securities Depository or its nominee as the Owner for all Book-Entry Bonds for all purposes, including receipt of payments, notices and voting; provided the Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by Owners of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Securities Depository or otherwise pursuant to the Depository Procedures.

(f) With respect to Book-Entry Bonds, the Company and the Trustee shall be entitled to treat the Securities Depository (or its nominee as registered owner of such Bonds) as the absolute owner of the Bonds for all purposes of this Indenture, and neither the Company nor the Trustee shall have any responsibility or obligation to any Beneficial Owner of such Book-Entry Bond. Without limiting the immediately preceding sentence, neither the Company nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of any Securities Depository or any other Person with respect to any beneficial ownership interest in Book-Entry Bonds, (b) the delivery to any Person, other than the Securities Depository, of any notice with respect to Book-Entry Bonds, including any notice of redemption or refunding, (c) the selection of the particular Bonds or portions thereof to be redeemed or refunded in the event of a partial redemption or refunding of part of the Bonds Outstanding or (d) the payment to any Person, other than the Securities Depository, of any amount with respect to the principal or Redemption Price of, or any interest on, Book-Entry Bonds.

Section 2.12. Transfer Restrictions.

(a) Notwithstanding anything in this Indenture to the contrary, the Bonds are transferrable only (i) to the Company or an Obligated Affiliate, (ii) pursuant to a registration statement which has been declared effective under the Securities Act, (iii) to a Qualified Institutional Buyer or (iv) pursuant to another available exemption from the registration requirements of the Securities Act.

(b) Each Bond shall bear the legend set forth on Exhibit A. By its acceptance of any Bond or any beneficial interest in any Bond bearing such a legend, each Owner or Beneficial Owner, as applicable, of such a Bond acknowledges the restrictions on transfer of such Bond set forth in such restrictive legend and agrees that it will transfer such Bond only as provided in such restrictive legend.

(c) By its acceptance of any Bond or any beneficial interest in any Bond, each Owner or Beneficial Owner, as applicable, of such Bond shall be deemed to have made the acknowledgements, representations and agreements set forth in Exhibit B.

(d) No transfer of a certificated Bond (including a transfer of an interest in a Book-Entry Bond to a transferee acquiring a certificated Bond) shall be recorded unless the transferee thereof has provided the Trustee with a certificate containing the representations in Exhibit B hereto.

(e) Any transfer in violation of the provisions of this Section 2.12 shall be null and void.

Section 2.13 Optional Tender of Bonds at Election of Owner on Reset Date; Remarketing of Tendered Bonds.

(a) Any Bond shall be purchased from its Owner at the option of the Owner or Beneficial Owner in the case of Book-Entry Bonds, on the Reset Date at a Purchase Price equal to the principal amount thereof plus accrued interest (if any) payable in immediately available funds, upon delivery to the Trustee at its Designated Office for delivery of notices of an irrevocable written notice (a “Tender Notice”) which states the election of the Owner or Beneficial Owner, as applicable, to tender its Bonds on the Reset Date (including the principal amount of such Bond to be tendered; the “Tendered Bonds”). Such notice shall be delivered to the Trustee not later than September 1, 2023.

(b) The terms and timeline for the tender and remarketing of Bonds shall be as follows:

i. March 1, 2023: Each Owner agrees to give notice to the Trustee of its intention to tender all or any portion of its Bonds on the Reset Date, which notice shall not be binding and failure to provide such notice shall not impair any Owner’s right to deliver the Tender Notice.

ii. September 1, 2023: Deadline to deliver Tender Notice.

iii. September 10, 2023: Trustee notifies each Owner of Bonds of the receipt of any Tender Notices, including the identity of each Owner delivering a Tender Notice and the dollar amounts of Bonds subject to any such Tender Notices.

iv. September 30, 2023: Solely to the extent that any Owner delivered a Tender Notice on or prior to September 1, 2023, the final deadline to deliver Tender Notices.

v. March 1, 2024: Reset Date for remarketing. In the event that all of the Tendered Bonds are not purchased by the Company on such date, then the interest rate on all Bonds increases to 10.5% per annum.

vi. April 1, 2024: If all the Tendered Bonds are not remarketed on or prior to or purchased by the Company on such date, then such failure is an Event of Default hereunder. The interest rate on all Bonds shall remain at 10.5% per annum.

(c) Assuming all of the Tendered Bonds are remarketed on the Reset Date, the interest rate applicable to the Tendered Bonds on and after the Reset Date shall be the Reset Rate which shall be initially determined by the Remarketing Agent on a date not less than 15 days prior to the Reset Date and thereafter on a date not less than 15 days prior to each succeeding Reset Date. The Reset Rate applicable to the Tendered Bonds shall be the lowest rate which, in the reasonable judgment of the Remarketing Agent (having due regard to the prevailing market conditions), would be necessary to enable the Tendered Bonds to be sold on the Reset Date; provided, that the Reset Rate shall not exceed the Maximum Rate. On the date of such determination of the Reset Rate, the Remarketing Agent shall notify the Trustee and the Company of the Reset Rate. In the event that the Tendered Bonds are remarketed at an interest rate greater than 8.5%, the interest rate on all outstanding Bonds shall be increased to equal the interest rate of the remarketed bonds. All outstanding Bonds shall receive the benefit of any additional covenants or provisions (if any) added to the benefit of the remarketed Bonds.

(d) The Remarketing Agent shall offer for sale and use its best efforts to remarket the Tendered Bonds to third parties for purchase at their Purchase Price on the Reset Date. At or prior to 12:00 Noon, Eastern Time, on the fifth Business Day preceding each Reset Date, the Remarketing Agent will give notice by Electronic Means to the Trustee and the Company specifying whether the principal amount of all of the Bonds have been remarketed. The Remarketing Agent shall deliver to the Trustee for deposit in the Remarketing Account, no later than 11:00 a.m., Eastern Time, on each such Reset Date, in immediately available funds, an amount equal to the Purchase Price of all of the Tendered Bonds. Such Bonds shall be purchased from (i) the proceeds of the remarketing of the Tendered Bonds held in the Remarketing Account or (ii) moneys provided by the Company no later than 11:00 a.m., Eastern Time, on each Reset Date, in immediately available funds for deposit to the Company Payment Account. In the event that there are not sufficient funds to purchase all the Tendered Bonds on the Reset Date, the interest rate on all Outstanding Bonds shall increase to ten and one-half percent (10.5%) per annum for a period of thirty days after the Reset Date, during which time the Remarketing Agent shall continue to remarket the Tendered Bonds. If the Tendered Bonds have not been remarketed by April 1, 2024, such failure to purchase the Tendered Bonds is an Event of Default; and all Tendered Bonds shall be returned to the Owners thereof. In such an event, ownership of all Tendered Bonds will be retained by the Owners thereof, and the interest rate on all Outstanding Bonds shall thereupon increase to 10.5%.

(e) The Tendered Bonds must be presented by the Owners on or before 10:30 a.m. Eastern Time on the Reset Date or, while the Securities Depository is the sole registered Owner of the Tendered Bonds, irrevocably authorize (pursuant to the Tender Notice described above) the Trustee, directly or through its DTC Participant in either case by 10:30 a.m., Eastern Time, on the Reset Date, to make appropriate entries on the books of DTC, any Direct Participant or any Indirect Participant; provided, however, the Trustee shall have no obligation to make or accept such entries, if at the time that such entry is made, the Trustee has not yet received funds necessary to honor such entry. At no time shall the Trustee be required to advance its own funds as a result of a tender by a beneficial owner under the Bond Indenture, to receive payment of the Purchase Price on or

after the Reset Date. Interest will cease to accrue on the Reset Date on Tendered Bonds which are purchased, or for which sufficient funds are set aside with the Trustee on the Reset Date to pay the Purchase Price of such Tendered Bonds, whether or not such Tendered Bonds have been presented for payment. The Owners who have delivered the Tendered Bonds shall have no right to retain any of the Tendered Bonds on any Reset Date; all Tendered Bonds shall be deemed tendered.

(f) Payment of the Purchase Price of any Tendered Bonds shall be made by check (or by wire transfer to a designated bank in the United States for the account of Owners of \$1,000,000 or more in aggregate principal amount of Bonds, pursuant to instructions filed by such Owners with the Trustee), to the person in whose name a Bond is registered on the registration books for the Bonds.

Section 2.14 Company Offer to Purchase Bonds.

On or prior to the 30th day prior to each purchase date set forth below (each, a “Purchase Date”), the Company shall make a purchase offer (an “Amortization Offer”) to each Owner of Bonds to purchase at par such Owner’s Bonds in an amount equal to such Owner’s pro rata portion of the applicable amortization payment amount set forth below, which offer shall be made in writing with a copy to the Trustee. Each Owner shall have 15 days to elect whether to accept the Company’s Amortization Offer. To the extent that any Owner does not elect to accept such Amortization Offer, such Owner’s Bonds which were subject to such Amortization Offer shall not be purchased and shall remain outstanding.

<u>Purchase Date</u>	<u>Payment Amount</u>
September 1, 2024	\$355,000
March 1, 2025	355,000
September 1, 2025	385,000
March 1, 2026	390,000
September 1, 2026	415,000
March 1, 2027	425,000
September 1, 2027	455,000

Such an election by an Owner shall be in writing to the Company and the Trustee, and shall include:

- (1) the principal amount of the Bonds owned by such Owner; and
- (2) acknowledgement that, unless the Company defaults in making payment therefor, any Bond accepted for payment on the Purchase Date shall cease to accrue interest after the Purchase Date.

In the event a Purchase Notice is received, the Company shall (a) cause funds to be deposited into the Bond Fund on or prior to the Purchase Date in the amount above, plus accrued interest to such Purchase Date, (b) direct the Trustee (I) to purchase such Bonds on the Purchase Date, and, (II) upon payment by the Company of the principal amount to be purchased, together with accrued interest thereon, to cancel such Bonds. If the Bonds are not Book-Entry Bonds, that Owners electing to have a Bond purchased pursuant to this Section will be required to surrender

the Bond, with the form entitled “Option of Owner to Elect Purchase” on the Bond completed, to the Trustee at the address specified in the notice prior to the close of business on the third Business Day prior to the Purchase Date. The Trustee’s records with respect to the payment of the principal of any Bond in accordance with this subsection shall be conclusive and binding on the Owner of any Bond so paid and each successive Owner thereof.

Section 2.15 Change of Control Offer and Payment.

If a Change of Control occurs, each Owner or Beneficial Owner will have the right to require the Company to purchase all or any part (in a principal amount equal to \$250,000 or an integral multiple of \$5,000 in excess thereof; provided that no such purchase may result in an Owner owning less than an Authorized Denomination) of that Owner’s Bonds pursuant to a Change of Control Offer (the “Change of Control Offer”). In the Change of Control Offer, the Company will offer to pay an amount in cash (the “Change of Control Payment”) equal to the then current Redemption Price of the Bonds (provided that if such Change of Control occurs prior to March 1, 2024, then the Redemption Price of the Bonds shall be deemed to be 112% for purposes of this Section 2.15) purchased, plus accrued and unpaid interest thereon, if any, to the date of purchase. Within 30 days following any Change of Control, the Company will mail a notice to each Owner of Bonds describing the transaction or transactions that constitute the Change of Control and offering to purchase Bonds on the date (the “Change of Control Payment Date”) specified in such notice, which date shall be a Business Day no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required herein and described in such notice. Such notice shall state:

- (1) that the Change of Control Offer is being made pursuant to this Section 2.15 and that all Bonds tendered and not withdrawn will be accepted for payment;
- (2) the purchase price (including the amount of accrued interest) and the Change of Control Payment Date;
- (3) that any Bond not tendered will continue to accrue interest;
- (4) that, unless the Company defaults in making payment therefor, any Bond accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;
- (5) if the Bonds are not Book-Entry Bonds, that Owners electing to have a Bond purchased pursuant to a Change of Control Offer will be required to surrender the Bond, with the form entitled “Option of Owner to Elect Purchase” on the Bond completed, to the Trustee at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;
- (6) that Owners will be entitled to withdraw their election if the Trustee receives, not later than the close of business (5:00 p.m. New York time) on the second Business Day prior to the Change of Control Payment Date, a telegram,

facsimile transmission or letter setting forth the name of the Owner, the principal amount of the Bonds the Owner delivered for purchase and a statement that such Owner is withdrawing his election to have such Bonds purchased;

(7) that Owners whose Bonds are purchased only in part will be issued new Bonds in a principal amount equal to the unpurchased portion of the Bonds surrendered; and

(8) the circumstances and relevant facts regarding such Change of Control.

On or before the Change of Control Payment Date, the Company will, to the extent lawful:

(a) accept for payment all Bonds or portions thereof properly tendered pursuant to the Change of Control Offer;

(b) deposit with the Trustee U.S. legal tender sufficient to pay the Change of Control Payment in respect of all Bonds or portions thereof so tendered; and

(c) deliver or cause to be delivered to the Trustee the Bonds so accepted together with a certificate of an Authorized Representative stating the aggregate principal amount of Bonds or portions thereof being purchased by the Company.

The Company will cause the Paying Agent to promptly pay to each Owner of Bonds so tendered the Change of Control Payment for such Bonds (in the same manner as payment of interest on the Bonds, to the Owners of record as the close of business on the fifteenth (15th) day (whether or not a Business Day) preceding the Change of Control Payment Date), and the Company will cause the Trustee to promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Bond equal in principal amount to any unpurchased portion of the Bonds surrendered, if any; provided that each such new Bond will be in a principal amount of \$250,000 or an integral multiple of \$5,000 in excess thereof.

The Company will publicly announce the results of the Change of Control Offer as soon as practicable after the Change of Control Payment Date.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Bonds validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding the foregoing, the Company shall not be required to make a Change of Control Offer, as provided above, if, in connection with or in contemplation of any Change of Control, it or a third party has made an offer to purchase (an "Alternate Offer") any and all Bonds

validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Bonds properly tendered in accordance with the terms of such Alternate Offer. Any Alternate Offer may be terminated by the Company or such third party at any time prior to the consummation of the applicable Change of Control. The Alternate Offer shall remain, if commenced prior to the Change of Control, open for acceptance until the earlier of (a) the consummation of the Change of Control or (b) any termination of the Alternate Offer by the Company or such third party prior to the consummation of the applicable Change of Control, must permit Holders to withdraw any tenders of Bonds made pursuant to the Alternate Offer until the final expiration or consummation thereof and must comply with all the other provisions applicable to the Change of Control Offer.

Notwithstanding the foregoing, in the event that the Bonds shall be subject to redemption or tender (or the Company has exercised a right to do so) on the same date that the Bonds are subject to a Change of Control Offer, the redemption and tender provisions in this Indenture shall control, including without limitation with respect to the redemption price or Purchase Price of 100% of the principal amount of the Outstanding Bonds plus accrued and unpaid interest.

The Company will comply, and will use reasonable efforts to ensure that any third party making a Change of Control Offer or an Alternate Offer will comply, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with such Change of Control Offer or an Alternate Offer. To the extent the provisions of any applicable securities laws or regulations conflict with the provisions of this Indenture relating to a Change of Control Offer, the Company will not be deemed to have breached its obligations under this Indenture by virtue of complying with such laws or regulations.

ARTICLE III

ISSUE OF BONDS

Section 3.1. Execution and Delivery of Bonds.

The Bonds shall be issued for the purpose of providing funds for the purposes described herein. The Bonds shall be authenticated by the Trustee upon the written request and direction of the Company in the aggregate principal amount of \$91,350,000, as provided in Section 2.1(a) above. The Bonds may forthwith be executed by the Company and delivered to the Trustee and shall be authenticated by the Trustee and delivered to or upon the written order of the Company. Proceeds of the Bonds shall be deposited into the Bond Proceeds Fund and applied in accordance with Section 4.2(c) hereof.

ARTICLE IV

BOND PAYMENTS; FUNDS AND ACCOUNTS

Section 4.1. Bond Payments.

The Company shall pay to the Trustee for deposit in the Bond Fund, on the Business Day prior to each Interest Payment Date, the amount required to pay the interest on the Bonds due on such Interest Payment Date.

Section 4.2. Establishment of Trust Funds.

(a) The Trustee shall establish a Bond Fund for the purpose of providing for the payment of the principal or Redemption Price of, and all interest on, the Bonds when the same shall be due and payable. The Trustee shall make deposits into the Bond Fund of all payments by the Company under Section 4.1 above or other amounts required to be deposited therein hereunder. Moneys on deposit in the Bond Fund shall be applied to the payment of principal or Redemption Price of, and all interest on, the Bonds.

(b) [Reserved].

(c) The Trustee shall establish a Purchase Fund (the "Purchase Fund"), and within the Purchase Fund a "Remarketing Account" and a "Company Payment Account." Amounts in the Accounts of the Purchase Fund shall be applied as described in Section 2.13 hereof.

(d) The Trustee shall establish a Bond Proceeds Fund for the purpose of depositing and disbursing the proceeds of the Bonds. Proceeds of the Bonds in the amount of \$89,523,000 (representing the aggregate principal amount of the Bonds less underwriter's discount in the amount of \$1,827,000), shall be deposited in the Bond Proceeds Fund and shall be disbursed in accordance with written instructions from the Obligated Group Agent. Upon disbursement of all moneys in the Bond Proceeds Fund, the Trustee shall close such fund.

(e) The Trustee shall establish a Debt Service Reserve Fund (the "Debt Service Reserve Fund"). Proceeds of the Bonds in the amount of the Debt Service Reserve Fund Requirement shall be deposited in the Debt Service Reserve Fund and applied as provided in Section 4.8 hereof.

(f) The Trustee shall establish an Excess Cash Flow Fund (the "Excess Cash Flow Fund"). Amounts in the Excess Cash Flow Fund shall be applied as provided in Section 4.9 hereof.

Section 4.3. Moneys to Be Held for All Owners, with Certain Exceptions.

Until applied as herein provided, the moneys and investments held in all funds and accounts established hereunder and the proceeds of any remedies exercised under Article 7 hereof shall be held in trust for the benefit of the Owners of all Outstanding Bonds, except that: (a) on and after the date on which the interest on or principal or Redemption Price of any particular Bond or Bonds is due and payable from the Bond Fund, the unexpended balance of the amount deposited or reserved in such

fund for the making of such payments shall, to the extent necessary therefore, be held for the benefit of the Owner or Owners entitled thereto; and (b) the rights of any Owners with respect to principal or interest payments extended by their agreement beyond their due dates hereof shall be subordinate to the rights of Owners with respect to payments not so extended.

Section 4.4. Payments through Paying Agent.

All payments of the principal or Redemption Price of, and interest on, the Bonds shall be made by the Paying Agent. Not later than the opening of business on the due date of each such payment, the Trustee (if other than the Paying Agent) shall transfer from the Bond Fund, as applicable, to the Paying Agent such amount as shall be necessary to enable the Paying Agent to make the payment then coming due. Any such Paying Agent, upon receipt of funds from the Trustee, shall hold the same in trust for the Owners entitled thereto, subject to the provisions hereof governing the Bond Fund, until such time as payment is made to the Owners.

Section 4.5. Moneys to be Trust Funds.

All moneys deposited under the provisions of this Indenture, either in the name of the Trustee or of the Company shall be held in trust by the Trustee and applied only for the purposes set forth in this Indenture and, pending the application thereof in accordance with and subject to the limitations of this Indenture, and shall be subject to a lien and charge in favor of the Owners and for the further security of such Owners until paid out as herein provided. All moneys which the Trustee shall have withdrawn from the Bond Fund and deposited with any Paying Agent for the particular purpose of paying any of the Bonds which have become or are about to become due and payable or which have been called for redemption shall be held in trust for the respective Owners of such Bonds. Any moneys so held at any time by any Paying Agent shall, upon request of the Trustee, be paid by such Paying Agent to the Trustee, which shall thereafter hold such moneys in trust for the respective Owners of such Bonds, subject to the provisions of Article 10 hereof.

Section 4.6. Investment of Money.

(a) Money held for the credit of the Bond Fund, the Bond Proceeds Fund, the Debt Service Reserve Fund or the Excess Cash Flow Fund may be continuously invested and reinvested by the Trustee, at the written direction of the Company, in (i) Government Obligations, (ii) certificates of deposit, savings accounts, deposit accounts or money market deposits with domestic commercial banks (including the Trustee and its affiliates) which (a) have a rating on the date of purchase in one of the two highest short-term rating categories (without regard to qualifier) of at least two nationally recognized rating agencies or (b) are fully insured by FDIC, including BIF and SAIF or (iii) shares of an open-end, diversified investment company which is registered under Rule 3a-7 promulgated under the Investment Company Act of 1940, as amended, including, without limitation, any investment company for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (B) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (C) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates. All such investments shall mature or be

redeemable at the option of the holder in such amounts and on such dates as may be necessary to provide moneys to meet the payments from the Bond Fund, the Bond Proceeds Fund, the Debt Service Reserve Fund or the Excess Cash Flow Fund, respectively.

(b) The Company shall give to the Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Trustee shall then invest such money under this Section as so directed by the Company. The Trustee may request, in writing, direction or authorization of the Company with respect to the proposed investment of money under the provisions of this Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Company will either approve such proposed investment or will give written direction to the Trustee respecting the investment of such money and, in the case of such directions, the Trustee shall then, subject to the provisions of this Article, invest such money in accordance with such directions. In the absence of any direction from the Obligated Group Agent as to the investment of any moneys held hereunder, such funds shall be held uninvested.

(c) The Company acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Company the right to receive brokerage confirmations of securities transactions as they occur, the Company specifically waives receipt of such confirmations to the extent permitted by law and so long as the Trustee furnishes the periodic statements described above.

Section 4.7. Cancellation of Bonds.

Subject to Section 2.11 herein, all Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Trustee when such payment, redemption or purchase is made, and such Bonds shall be cancelled. All Bonds cancelled under any of the provisions of this Indenture shall, as directed in writing by the Company, be either delivered to the Company or destroyed by the Trustee, which shall, in such event, execute a Certificate in duplicate, describing the Bonds so destroyed, and one executed Certificate shall be filed with the Company and one executed Certificate shall be filed with and retained by the Trustee.

Section 4.8. Use of Moneys in the Debt Service Reserve Fund.

(a) Amounts in the Debt Service Reserve Fund may not be used to make principal (except as provided in paragraph (b) below), amortization payments or interest payments (except as provided in paragraph (b) below) on the Bonds. However, the Company may draw on the Debt Service Reserve Fund in connection with an optional redemption of Bonds, in whole or in part, or when honoring a Change of Control offer (in each case, in accordance with the terms of this Indenture and the terms of the Bonds); provided that the remaining funds in such account must at all times be sufficient to satisfy the Debt Service Reserve Fund Requirement.

(b) The Trustee shall apply any Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund to pay in full the principal of and interest on the Bonds on the Maturity Date of the Bonds.

(c) In the event that the interest rate on the Bonds increases as a result of a remarketing event or any other applicable circumstance, then the Company must add additional cash to the

Debt Service Reserve Fund to ensure that it is sufficient to cover scheduled interest payments due on the remaining principal amount of the Bond during the next 12 months. The Trustee shall calculate the adjusted Debt Service Reserve Requirement as provided in Section 4.8(b) hereof.

(d) (i) Upon the occurrence of an Event of Default of which the Trustee is deemed to have notice hereunder and the election by the Trustee of the remedy specified in Section 7.3 hereof, any Debt Service Reserve Fund Obligations in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Fund and applied in accordance with Section 7.7 hereof.

(ii) On March 1 and September 1 in each year, any earnings on the Debt Service Reserve Fund Obligations on deposit in the Debt Service Reserve Fund that are in excess of the Debt Service Reserve Fund Requirement shall be transferred into the Bond Fund.

(e) In the event Debt Service Reserve Obligations are used by the Trustee pursuant to this Section, the Debt Service Reserve Fund shall be replenished in accordance with Section 6.7 hereof.

Section 4.9 Excess Cash Flow Fund.

(a) The Company shall make a quarterly payment into the Excess Cash Flow Fund, payable on February 15th, May 15th, August 15th and November 15th of each year, in an amount equal to the Excess Cash Flow Recapture Amount calculated based on the quarterly financial statements of the Company for the fiscal quarter immediately preceding such payment date delivered pursuant to Section 8.10 of the Master Indenture. The Company shall provide to the Trustee evidence of such calculation, and the Trustee shall be entitled to rely on said certificate without further review.

(b) Moneys in the Excess Cash Flow Fund may not be used to make principal (except as provided in paragraph (c) below), amortization payments or interest payments (except as provided in paragraph (c) below) on the Bonds.

(c) Upon the occurrence of an Event of Default of which the Trustee is deemed to have notice hereunder and the election by the Trustee of the remedy specified in Section 7.3 hereof, any moneys or investments in the Excess Cash Flow Fund shall be transferred by the Trustee to the Bond Fund and applied in accordance with Section 7.7 hereof.

(d) On the final maturity date of the Bonds, any investments in the Excess Cash Flow Fund after giving effect to such maturity may, upon the direction of the Company be used to pay the principal of and interest on such series of Bonds on such final maturity date.

(e) If at any time moneys in Debt Service Reserve Fund and the Excess Cash Flow Fund are sufficient to pay the principal or redemption price of all Bonds (in accordance with the terms of this Indenture and the terms of the Bonds), the Trustee may, upon the direction of the Company, use moneys on deposit in the Debt Service Reserve Fund and the Excess Cash Flow Fund to pay such principal or redemption price of such Bonds.

(f) In the event that (i) the Company delivers to the Trustee evidence that the Bonds have been rated BBB (or equivalent) or better by at least two Rating Agencies, (ii) no Event of Default

hereunder shall have occurred and be continuing, and (iii) the Total Leverage Ratio (as defined in the Master Indenture), as evidenced by a certificate of the Company provided to the Trustee and on which it may rely, is less than 2.50 for the immediately preceding Fiscal Year, then, upon the written request of the Company to the Trustee, the moneys on deposit in the Excess Cash Flow Fund shall be transferred to the Company. However, the Excess Cash Flow Fund shall remain in place and the provisions of paragraph (a) above relating to the annual payment into the Excess Cash Flow Fund shall continue to apply. Any future release of cash from such Fund shall be subject to once again satisfying the conditions set forth in (i), (ii) and (iii) of this paragraph (f).

Section 4.10 Valuation of Investments. Accounting and valuation of investments in any fund or account will be performed as follows:

(a) On a monthly basis the Trustee shall furnish to the Company a full and complete statement of all receipts and disbursements of investments in any fund and account covering such period.

(b) The Trustee shall also furnish on or promptly after March 1 and September 1 of each year a statement of the assets contained in each fund and account. Assets will be valued at market value as of the day immediately preceding March 1 and September 1, respectively, by the Trustee in such statement in accordance with the normal valuation procedures of the Trustee.

ARTICLE V

REDEMPTION OF BONDS

Section 5.1. Bonds Subject to Redemption.

The Bonds are subject to redemption prior to maturity as provided in this Article and the form of Bond attached hereto as Exhibit A. Redemption of the Bonds otherwise shall be in the manner provided in this Article.

Section 5.2. Selection of Bonds to Be Redeemed.

(a) If less than all the Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected in accordance with Depository Procedures, and if the Bonds are no longer Book-Entry Bonds, shall be selected by the Trustee in Authorized Denominations from the Outstanding Bonds not previously called for redemption, by lot; provided that following any such selection, both the portion of such Bonds to be redeemed and the portion remaining shall be in Authorized Denominations.

(b) The Trustee shall promptly notify the Company in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

(c) 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 5.3. Notice and Effective Date of Redemptions; Redemption in Part.

(a) The Trustee shall cause notice of any redemption of any Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the registered addresses appearing in the registration books maintained in accordance with Section 2.3 hereof. Each such notice shall (i) be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption, (ii) identify the Bonds to be redeemed, specifying the name of the issue, the date of the issue, the stated maturity, the CUSIP numbers and certificate numbers assigned to the Bonds subject to redemption, (iii) specify the date fixed for redemption and the Redemption Price thereof, and (iv) state that on the date fixed for redemption of the Bonds called for redemption will be payable at the payment office of the Paying Agent designated in such notice upon presentation and surrender thereof, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. Failure to give notice in the manner described in this paragraph with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given.

(b) If at the time of mailing any notice of the optional redemption of any Bonds, the Company shall not have deposited with the Trustee funds sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to, and conditioned upon, the deposit of such funds with the Trustee not later than 10 a.m. on the date fixed for redemption and notice thereof and shall be of no effect unless such funds are so deposited.

(c) If, with respect to any Book-Entry Bonds, the Trustee shall give notice of any redemption to the Securities Depository in the manner required pursuant to the Depository Procedures, the Trustee shall not otherwise be required to give notice in accordance with this Section.

(d) Upon the mailing of the notice provided for above and provided the amount payable in respect of such Redemption Price shall be irrevocably deposited with the Paying Agent, the Bonds or parts thereof designated for redemption shall become due and payable upon the date specified in such notice as the date fixed for redemption at the Redemption Price applicable at such time. Payment of the Redemption Price shall be made to the respective Owners of Bonds designated for redemption, upon surrender of such Bonds, if no longer Book-Entry Bonds, at the place stated in the notice of redemption, accompanied by duly executed instruments of transfer if applicable.

(e) After the mailing of the notices provided for above shall have been duly made, then, on or before the date fixed or date specified in such notices for such redemption, funds in an amount sufficient to effect the redemption of the Bonds or parts thereof specified in such notices shall be deposited in trust by the Company with the Trustee or left in trust with the Trustee if previously deposited and then available for such purpose. From and after the date fixed for redemption designated in such notices (such funds having been deposited or left with the Trustee, as aforesaid), notwithstanding that any Bonds so called for redemption shall not have been surrendered for cancellation, no further interest shall accrue upon any of the Bonds or parts thereof so called for redemption.

(f) If less than all the Bonds are to be redeemed, the Company shall advise the Trustee in writing as to the principal amount of such Bonds to be redeemed and the applicable maturities of the Bonds to which such principal shall be applied, and the particular Bonds within such maturities to be redeemed shall be selected by the Trustee from Outstanding Bonds not previously called for redemption by lot; provided that following any such selection, both the portion of such Bonds to be redeemed and the portion remaining shall be in Authorized Denominations.

(g) Any Bond which is to be redeemed only in part shall be surrendered at the payment office of the Paying Agent (with due endorsement by, or a written instrument of transfer in form satisfactory to the Paying Agent, duly executed by the Owner or his attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to such Owner without service charge, a new Bond or Bonds of any Authorized Denominations as requested by such Owner in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Section 5.4. Payment of Redemption Price.

If (a) unconditional notice of redemption has been duly given or duly waived by the Owners of all Bonds called for redemption or (b) conditional notice of redemption has been so given or waived and the redemption moneys have been duly deposited with the Trustee, then in either case the Bonds called for redemption shall be payable on the redemption date at the applicable Redemption Price plus accrued interest, if any, to the redemption date, and from and after the date fixed for redemption interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. Payment of the Redemption Price together with accrued interest shall be made by the Trustee to or upon the order of the Owners of the Bonds called for redemption upon surrender of such Bonds. The Redemption Price, including accrued interest, the expenses of giving notice and any other expenses of redemption, shall be paid out of the funds provided therefor under this Indenture or by the Company, except that the accrued interest shall be paid out of the Bond Fund, as and to the extent provided in Section 4.2 hereof.

ARTICLE VI

COVENANTS OF THE COMPANY

Section 6.1. Payment of Principal and Interest on Bonds.

The Company shall promptly pay the interest on, and the principal or Redemption Price of, every Bond issued hereunder according to the terms hereof. The Company shall appoint one or more paying agents for such purpose, each such agent to be a bank and trust company or a trust company or a national banking association having trust powers. The Company hereby appoints the Trustee to act as Paying Agent and designates the Designated Office of such agent as the place of payment, such appointment and designation to remain in effect until notice of change is filed with the Trustee.

Section 6.2. Nature of Obligations.

The payment obligations of the Company hereunder with respect to the Bonds shall constitute general obligations of the Company. To evidence and secure the obligations of the Company with respect to the Bonds, this Indenture shall be authenticated by the Trustee (or the

Authentication Agent, if applicable) under the Master Indenture (as such terms are defined therein) as 2020 Master Debt and Senior Master Debt concurrently with execution and delivery of this Indenture.

Section 6.3. Corporate Existence.

The Company covenants that it will preserve and maintain its existence as a not for profit corporation under the laws of the State of Florida. The Company covenants that during the term of this Indenture it will not initiate any proceedings or take any action whatsoever to dissolve or liquidate or to terminate its existence as a corporation or otherwise dispose of all or substantially all of its assets, either in a single transaction or in a series of related transactions except as provided below. The Company covenants that during the term of this Indenture it will not consolidate with, transfer all or substantially all of its assets to, or merge into any other corporation, unless the following conditions shall be met:

(a) the successor corporation formed by such consolidation or merger shall be a nonprofit corporation organized under the laws of the United States or any state, district or territory thereof, which is an organization described in Section 501(c)(3) of the Code;

(b) the successor corporation shall expressly assume in writing the full and faithful performance of the Company's duties and obligations hereunder to the same extent as if such successor corporation had been the original corporation under this Indenture; and

(c) immediately after such consolidation or merger, the Company, or such successor corporation, shall not be in default in the performance or observance of any duties, obligations or covenants of the Company under this Indenture.

Section 6.4. Payment of Taxes and Impositions.

The Company shall pay or cause to be paid to the public officers charged with the collection thereof, promptly as the same become due, all taxes (or contributions or payments in lieu thereof), including but not limited to income, profits or property taxes, which may now or hereafter be imposed by the United States, any state or municipality or any political subdivision or subdivisions thereof, and all assessments for public improvements or other assessments, levies, license fees, charges for publicly supplied water or sewer services, excises, franchises, imposts and charges, general and special, ordinary and extraordinary (including interest, penalties and all costs resulting from delayed payment of any of the foregoing) of whatever name, nature and kind and whether or not now within the contemplation of the parties hereto, which are now or may hereafter be levied, assessed, charged or imposed on or against the assets of the Company; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any tax, assessment, lien or other matter hereunder so long as the validity thereof is being contested by the Company in good faith and by appropriate legal proceedings diligently pursued. The Company will, upon request, provide the Trustee with copies of any tax returns and receipts for payments of taxes.

Section 6.5. Compliance with Laws; Master Indenture.

The Company shall promptly comply in all material respects or cause compliance in all material respects with all laws, ordinances, orders, rules, regulations and requirements of duly

constituted public authorities which may be applicable to the Company. The Company shall comply at all times with the terms and conditions of the Master Indenture.

Section 6.6 Ratings.

The Company shall maintain a rating from Fitch, Inc. (“Fitch”) until the maturity of the Bonds. The Company shall promptly apply for a rating from S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC (“S&P”) or Moody’s Investors Service, Inc. (“Moody’s”); provided that the Company agrees to not publish any such ratings from S&P or Moody’s if such rating is lower than 1 notch below the current equivalent rating then provided by Fitch. To the extent obtained and published in accordance with the foregoing sentence, the Company shall maintain a rating from S&P or Moody’s, as applicable. For the avoidance of doubt, nothing in this Section 6.6 shall require the Company to maintain any particular rating level.

The Company shall, not later than 120 days after the end of each Fiscal Year, retain a Financial Consultant, which may be the underwriter of the Bonds to assess the likelihood of whether the Company could obtain an Investment Grade Rating from a Rating Agency. Such assessment by the Financial Consultant shall be delivered to the Trustee not later than 150 days after the end of each Fiscal Year is to be delivered to the Trustee. The Company agrees to provide to such Financial Consultant such information as it may reasonably request in order to assist it in making such assessment. If such Financial Consultant determines that such rating is obtainable, the Company agrees that it will, at the Company’s sole expense, solicit and make a good faith effort to obtain such rating, and the Company is to notify the Trustee within 60 days if a rating has or has not been obtained.

Section 6.7 Debt Service Reserve Fund.

(a) In the event any moneys in the Debt Service Reserve Fund are transferred by the Trustee for deposit to the Bond Fund pursuant to Section 4.8 hereof for any reason, other than payment under Section 4.8(b) hereof, the Company agrees to deposit additional Debt Service Reserve Fund Obligations into the Debt Service Reserve Fund in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited within 5 Business Days.

(b) In the event the value of the Debt Service Reserve Fund Obligations (as determined pursuant to the statement of the Trustee furnished in accordance with Section 4.9 hereof) on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Company agrees to deposit additional Debt Service Reserve Fund Obligations into the Debt Service Reserve Fund in an amount sufficient to satisfy the Debt Service Reserve Fund Requirement, such amount to be deposited within 5 Business Days of such receipt of written notice from the Trustee of a deficiency.

(c) In the event that any change in the amount of the Debt Service Reserve Fund Requirement shall occur, the Company shall calculate or cause to be calculated the new Debt Service Reserve Fund Requirement and shall provide such new Debt Service Reserve Fund Requirement to the Trustee in writing within 30 days of such occurrence upon which the Trustee may rely.

(d) In the event that the Company delivers to the Trustee evidence that the Bonds have been rated A- (or equivalent) or better by at least two Rating Agencies, the covenants contained in

this Indenture relating to the Debt Service Reserve Fund shall no longer be effective, the Debt Service Reserve Fund shall be closed and the moneys on deposit therein shall be transferred to the Company.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default Defined.

Each of the following shall be an “Event of Default” hereunder:

- (a) the failure to pay any installment of interest on any Bond when it becomes due and payable; or
- (b) the failure to pay the principal or Redemption Price of any Bond when it becomes due and payable at maturity, upon redemption or otherwise; or
- (c) the failure of the Company to perform or observe any other covenant or agreement in the Bonds, in this Indenture, or in any other agreement supplemental thereto or hereto, and such failure continues for 60 days after written notice thereof shall have been given to the Company by the Trustee (except with respect to any failure relating to Sections 4.6, 4.8, 4.9 and 6.7 hereof with respect to which no grace period shall apply), which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than 25% in principal amount of Bonds Outstanding; or
- (d) the proposal or making of an assignment by the Company for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the Company or any of its assets or revenue, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, local, state or federal, by or against the Company and if such is not vacated, dismissed or stayed on appeal within 60 days; or
- (e) the Trustee, as the holder of the 2020 Master Debt, receives notice from the Master Trustee that an Event of Default under the Master Indenture has occurred and is continuing; or
- (f) the failure to pay the Purchase Price of the Bonds tendered pursuant to Section 2.13 hereof by April 1, 2024, or failure to pay the Purchase Price Bonds tendered for purchase on a Purchase Date or Change of Control Date.

Section 7.2. Notice to Owners of Default.

The Trustee shall mail to all Owners, at their addresses as they appear on the registration books kept pursuant to Section 2.3 hereof, written notice of the occurrence of any Event of Default under Section 7.1 above within 15 days after the Trustee shall have notice, as provided in Section 8.1(q) hereof, of the same subject to any right of the Company to notice and opportunity to cure in accordance herewith.

Section 7.3. Acceleration and Annulment Thereof.

If any Event of Default has occurred and is continuing (other than an Event of Default under Section 7.1(d)), the Trustee may, and upon written request of the Owners of 25% in principal amount of the Bonds Outstanding and affected thereby shall, by notice in writing to the Company, declare the principal of all Bonds Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding, unless the Company cures such Event of Default prior to the date of the declaration. An Event of Default under Section 7.1(d) shall result in an automatic acceleration of the Bonds Outstanding, whereby the principal of all Bonds Outstanding, together with the then applicable Redemption Premium, together with accrued interest thereon, shall become immediately due and payable at the place provided therein.

If, after the principal of the Bonds has been so declared to be due and payable, all arrears of interest upon the Bonds and the principal of all Bonds Outstanding which have matured, except the principal of any Bonds due solely because of such declaration, and the interest accrued on the Bonds since the last interest payment date are paid by the Company, and the Company also performs all other things in respect to which it may have been in default hereunder and pays the reasonable charges of the Trustee, then, and in every such case, the Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the Trustee, may annul such declaration and its consequences and such annulment shall be binding upon the Trustee and upon all Owners of the Bonds issued hereunder; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

It is understood and agreed that if the Bonds are accelerated for any reason, including because of default, the commencement of any insolvency proceeding or other proceeding pursuant to the United States Bankruptcy Code (including that by operation of law or otherwise), the Redemption Premium, if any, determined as of the date of acceleration will also be due and payable as though such Bonds were voluntarily redeemed as of such date, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Owner's lost profits as a result thereof. Any Redemption Premium payable in accordance with the immediately preceding sentence shall be presumed to be the liquidated damages sustained by each Owner as the result of the early termination and the Company agrees that it is reasonable under the circumstances currently existing. The Redemption Premium, if any, shall also be payable (i) in the event the Bonds are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means and/or (ii) upon the satisfaction, release, payment, restructuring, reorganization, replacement, reinstatement, defeasance or compromise of any of the Bonds in any insolvency proceeding or other proceeding pursuant to the United States Bankruptcy Code, foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other means or the making of a distribution of any kind in any insolvency proceeding to the Owners, in full or partial satisfaction of the Bonds. THE COMPANY EXPRESSLY WAIVES THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING REDEMPTION PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION INCLUDING IN CONNECTION WITH ANY VOLUNTARY OR INVOLUNTARY ACCELERATION OF THE BONDS PURSUANT TO ANY INSOLVENCY PROCEEDING OR

OTHER PROCEEDING PURSUANT TO THE UNITED STATES BANKRUPTCY CODE OR PURSUANT TO A PLAN OF REORGANIZATION. The Company expressly agrees that: (A) the Redemption Premium is reasonable and are the product of an arm's length transaction between sophisticated business people, represented by counsel and (B) the Redemption Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made. The Company expressly acknowledges that its agreement to pay the Redemption Premium to Owners as herein described is a material inducement to the Owners to purchase the Bonds.

Section 7.4. Remedies.

(a) Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding and the provision of indemnity satisfactory to the Trustee shall proceed to protect and enforce its rights and the rights of the Owners under applicable law and under this Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant, condition or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by Counsel, shall deem most effectual to protect and enforce such rights. The rights and remedies which the Trustee may or shall exercise include all or any of the following:

(i) The right in its own name by mandamus or other suit, action or proceeding at law or in equity to enforce all rights of the Owners, including the right to require the Company to carry out the covenants and agreements of the Company contained in this Indenture and to require the Company to carry out any agreements with or for the benefit of the Owners;

(ii) The right to bring suit upon the Bonds Outstanding hereunder;

(iii) The right by action or suit in equity to require the Company to account as if it were the trustee of an express trust for the Owners;

(iv) The right by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners;

(v) The right to apply all moneys and funds held under this Indenture (except moneys and funds which shall theretofore have been set aside for the payment or purchase of particular Bonds) to the payments as provided in Section 7.7 hereof;

(vi) The right to take any and all action permitted to be taken by the Trustee as a holder of the 2020 Master Debt under the Master Indenture; and

(vii) The right to exercise any or all other rights or remedies provided by any other law (against any of the parties hereto or otherwise) or by any other suit, action or other special proceeding in equity or at law either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted.

(b) All rights of action under this Indenture, or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name and as Trustee of an express trust for the equal and ratable benefit of the Owners of all Bonds, subject to the provisions of this Indenture.

(c) No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy or remedies.

(d) In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Company, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

(e) No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

(f) It is the purpose and intention of this Article to provide rights and remedies to the Trustee and the Owners which may be lawfully granted under applicable law, but, should any right or remedy herein granted be held to be unlawful, the Trustee and the Owners shall be entitled, as above set forth, to every other right and remedy provided in this Indenture.

Section 7.5. Powers of Owners.

Any Owner or Owners owning a majority in principal amount of the Bonds Outstanding and affected thereby shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee hereunder, provided such directions shall not be otherwise than in accordance with law or the provisions of this Indenture and provided that the Trustee shall have been given indemnity satisfactory to it against costs, expenses and liabilities, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Section 7.6. Limitations on Actions by Owners.

(a) No Owner shall have any right to pursue any remedy hereunder unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Owners of at least 25% in principal amount of the Bonds Outstanding shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

(b) Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder; it being understood and intended that no

Owner shall have any right in any manner whatever by his action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of all Owners of Outstanding Bonds affected thereby, subject to the provisions of this Indenture. Nothing in this Indenture contained shall, however, affect or impair the right of any Owner to institute suit for the enforcement of payment of the principal or Redemption Price of and the interest on such Bond, when due and payable in accordance with its terms, upon redemption or otherwise.

Section 7.7. Application of Moneys.

(a) All moneys received by the Trustee or by any receiver under this Article shall, and all moneys and funds held by the Trustee under this Indenture (except moneys and funds which shall theretofore have been set aside for the payment or purchase of particular Bonds) shall, after the payment of current administration, operating and management expenses incurred by the Trustee or receiver, be applied by the Trustee or receiver in the following order of priority:

(i) To the payment of all fees and expenses owing to the Trustee under Section 8.4 hereof, including without limitation, fees, costs, expenses and liabilities reasonably incurred by the Trustee (including reasonable compensation to the Trustee, its agents, attorneys and counsel) and to the repayment of all advances made by the Trustee;

(ii) Unless the principal of all the Bonds Outstanding hereunder shall have become due, whether at the due dates expressed therein, by proceedings for redemption, or by declaration as herein provided or otherwise, then:

(1) To the payment of any overdue installments of interest on the Outstanding Bonds in the order of the expressed maturity of the installments of such interest, with interest on overdue installments of interest (to the extent that the payment of such interest is enforceable under applicable law) at the respective rates provided in the Bonds; and, if the amount to be applied to the payment of any installment of interest shall not be sufficient to pay such installment in full, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto without any discrimination or preference; and

(2) After the payment of all such overdue installments of interest with the interest thereon, then to the payment of the principal of all of the Bonds which shall have become due by their express terms, not including Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture, with interest on such Bonds at the rate provided for in such Bonds from the respective dates upon which they became due, and if the amount to be distributed at any particular time shall not be sufficient to pay in full all of the Bonds due on any particular date, to the payment thereof ratably according to the amounts due thereon; and

(3) After all payments required by the preceding subparagraphs of this paragraph (ii) shall have been made, then to the payment of the principal of and the interest on the Bonds in accordance with the provisions of Article 4 hereof.

(b) In case the principal of all of the Bonds outstanding hereunder shall have become due, whether at the due dates expressed therein, by proceedings for redemption, by declaration or otherwise, then:

(i) To the payment of the full amount then owing and unpaid upon all Bonds Outstanding for principal, the then applicable Redemption Price (only if such acceleration is a result of an Event of Default under Section 7.1(d) hereof) and interest together with interest on such unpaid amounts (to the extent that the payment of such interest is enforceable under applicable law) at the respective rates provided in the Bonds then Outstanding, and in case such moneys shall be insufficient to pay the same in full, then to the payment of such principal and interest 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 ratably to the aggregate of such principal and interest; and

(ii) Any surplus thereof remaining after the payment of the full principal of and interest on all Outstanding Bonds together with interest thereon, to the Company or to whomsoever may be lawfully entitled to receive the same.

(c) Whenever moneys are to be applied by the Trustee or by any receiver pursuant to the provisions of this Section, such moneys shall be applied by the Trustee or receiver at such times, and from time to time, as the Trustee or receiver in its sole discretion shall determine, having due regard to the amount of such moneys available for application in the future. The deposit of such moneys with the bank or trust company at which the Bonds shall be payable, or otherwise setting aside of such moneys, in trust for the proper purpose, shall constitute proper application by the Trustee or receiver; and the Trustee or receiver shall incur no liability whatsoever to the Company, to any Owner or to any other Person for any delay in applying any such moneys, so long as the Trustee or receiver acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee or receiver. Whenever the Trustee or receiver shall exercise such discretion in applying such moneys, it shall fix the date upon which such application is to be made, including determination of a Special Record Date and the provision of notice thereof as provided in the form of Bond, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee or receiver shall give notice of any Special Record Date as provided in the form of Bond and shall give such other notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payments to the Owner of any Bond until such Bond shall be surrendered to the Trustee or receiver for cancellation or stamping with reference to such payment.

Section 7.8. Trustee May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding under the United States Bankruptcy Code relating to the Company, the Bonds or any property of the

Company, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Company for the payment of overdue principal, redemption premium, if any, and interest) shall be entitled and empowered, by intervention in such proceeding or other means:

(i) to file and prove a claim for the whole amount of the principal, redemption premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding or for breach of this Indenture 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 proceeding; and

(ii) 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 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 it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under this Indenture.

(b) No provision of this Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any Owners of the Bonds any plan of reorganization, arrangement, adjustment or composition affecting any of the Bonds or the rights of any Owner thereof, or authorizes the Trustee to vote in respect of the claim of any Owner in any proceeding described in subsection (a) of this Section.

ARTICLE VIII

THE TRUSTEE

Section 8.1. Acceptance of Trust.

(a) The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article, to all of which the parties hereto, the Company and the Owners agree. The Trustee accepts its duties and obligations as Trustee hereunder, but only upon and subject to the express terms and conditions of this Indenture and, in particular, of this Article.

(b) Except during the continuance of an Event of Default of which it has actual notice as provided in subsection (q) of this Section 8.1, (i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and (ii) in the absence of bad faith, gross negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Certificates or opinions furnished to the Trustee and conforming, if applicable, to the requirements of this Indenture.

(c) In case an Event of Default has occurred and is continuing of which it has actual notice, as provided in subsection (q) of this Section 8.1, 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 man would exercise or use under the circumstances in the conduct of his own affairs.

(d) The Trustee shall not be liable for any error of judgment made in good faith by an officer of the Trustee, unless it shall be proved that the Trustee acted with gross negligence or willful misconduct in ascertaining the pertinent facts.

(e) 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 a majority (or such lesser percentage as provided in this Indenture) in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust power conferred upon the Trustee, under this Indenture.

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

(g) The Trustee shall not be required to give any bond or surety with respect to the execution of its rights and duties under this Indenture.

(h) 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, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon reasonable notice and during regular business hours, and subject further to the Company's safety and confidentiality requirements, to examine the books, records and premises of the Company personally or by agent or attorney.

(i) Except as otherwise expressly provided by the provisions of this Indenture, the Trustee shall not be obligated and may not be required to give or furnish any notice, demand, report, request, reply, statement, advice or opinion to the Owner of any Bond or to the Company or any other Person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless obligated or required to do so by express provisions hereof.

(j) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, unless it shall have received adequate indemnity, satisfactory to it against such risk or liability.

(k) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Owner pursuant to this Indenture, unless such Owner shall have offered the Trustee indemnity acceptable to the Trustee against the costs, expenses and liabilities which might be incurred in complying with such request or direction.

(l) In acting or omitting to act pursuant to this Indenture, the Trustee shall be entitled to all of the rights and immunities accorded to it under this Indenture, including but not limited to this Article.

(m) The Trustee shall not be liable with respect to any action taken or omitted to be taken at the direction of the Owners of a majority in aggregate principal amount of the Bonds Outstanding (or, where applicable hereunder, at least 25% in aggregate principal amount of the Bonds Outstanding) permitted to be given by such Owners under this Indenture.

(n) The Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Bonds or for compliance with securities laws in connection with the issuance and sale of the Bonds.

(o) The Trustee shall not be accountable for the application by the Company of the proceeds of the Bonds authenticated and delivered hereunder.

(p) The Trustee shall have no duty or obligation to record or file any mortgage, financing statement, continuation statement or similar document relating to this Indenture.

(q) The Trustee shall not be required to take notice of any Event of Default described in Section 7.1(c), (d) or (e), and shall not be deemed to have actual notice of any default or Event of Default hereunder, unless the Trustee shall be notified specifically of the Event of Default in a written instrument or document delivered to it by the Company or an Owner. In the absence of the delivery of a notice satisfying these requirements, the Trustee may assume conclusively that there is no such default or Event of Default, except as described above.

Section 8.2. Recitals Made by Corporation.

The recitals, statements and representations contained in this Indenture and in the Bonds, except only the Trustee's Certificate of authentication upon the Bonds, shall be taken and construed as made by and on the part of the Company and not by the Trustee.

Section 8.3. Trustee May Act Through Agents.

The Trustee may execute any of the trusts or powers hereof and perform the duties required to be performed by it either directly or by or through attorneys, agents, receivers or employees, and shall be entitled, in good faith, to rely conclusively and be free from all liability for acting or refraining from acting upon the advice of counsel concerning all matters of trust hereof and its duties hereunder, and the Trustee shall not be answerable for the actions or default of any such attorney, agent or employee selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatsoever in connection with the trusts, except only its own bad faith, willful misconduct or gross negligence.

Section 8.4. Compensation and Indemnification of Trustee.

(a) Subject to the provisions of any contract between the Company and the Trustee relating to the compensation of the Trustee, the Company shall pay to the Trustee reasonable compensation for all services performed by the Trustee hereunder as agreed from time to time by

the Company and the Trustee and also all of the Trustee's reasonable expenses, charges and other disbursements and those of its attorneys, agents (including expert consultants) and employees incurred in and about the administration and the performance of the Trustee's powers and duties hereunder, and the Company shall indemnify and hold the Trustee harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder as further provided in subsection (b) below. If the Company shall fail to cause any payment required by this Section to be made, the Trustee may make such payment from any money in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The Company covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Trustee to make any such payment.

(b) The Company covenants and agrees to indemnify and hold the Trustee and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Indenture. In addition to and not in limitation of the immediately preceding sentence, the Company also covenants and agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Trustee's performance under this Indenture provided the Trustee has not acted with bad faith, willful misconduct or gross negligence. This indemnification shall survive payment of the Bonds and termination of this Indenture.

(c) Upon the occurrence of an Event of Default hereunder, and only upon the occurrence of an Event of Default hereunder and as provided by Section 8.4(a) and Section 8.8 hereof, the Trustee shall have a first lien with right of payment prior to payment on account of principal of, and interest on, any Bond, upon the moneys and other property held by the Trustee hereunder for any costs, charges and expenses incurred by it.

Section 8.5. Trustee Not Liable for Insurance.

The Trustee shall be under no duty to effect or to renew any policies of insurance, or under any liability for the failure of the Company to effect or renew insurance, or to report or file claims or proofs of loss for any loss or damage insured against or which may occur; nor shall the Trustee be liable for any insurer's failure to perform.

Section 8.6. Trustee May Require Information.

The Trustee may at any time require from the Company full information and advice as to the performance of any of the covenants, conditions and agreements of the Company herein contained, and may further make or cause to be made independent investigations, at the expense of the Company, concerning the affairs of the Company insofar as such affairs are related to the Company or this Indenture. Whenever in the administration of this Indenture the Trustee shall deem it desirable that a

matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith, willful misconduct or gross negligence on its part, rely upon a Certificate of a Responsible Officer.

Section 8.7. Trustee Not Obligated to Act.

(a) Except as otherwise provided by law, the Trustee shall be under no obligation to take any action in respect to any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested so to do in writing by the Owners owning at least 25% in aggregate principal amount of the Bonds Outstanding, and, if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time and as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Owners or without such security or indemnity.

(b) The Trustee shall not grant any consent or approval, or waive any right of the Trustee, except such as would not in the reasonable judgment of the Trustee adversely affect the interest of the Owners of the Bonds, without the written approval of the Owners of at least a majority in principal amount of the Bonds Outstanding.

Section 8.8. Trustee May Make Advances.

If the Company shall fail to perform any of the covenants or agreements contained in this Indenture which are applicable to it, the Trustee may, without notice to the Owners, at any time and from time to time, make advances to effect performance of the same on behalf of the Company or the Company, but the Trustee shall be under no obligation so to do; and any and all moneys paid or advanced by the Trustee for any such purpose, together with interest thereon at the rate of 10% per annum, shall be a lien in favor of the Trustee upon any moneys coming into its hands prior to the lien of the Bonds; and no such advance shall operate to relieve the Company from any default hereunder.

Section 8.9. Trustee May Rely in Good Faith Upon Others.

The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or Person, or to have been prepared and furnished pursuant to any of the provisions of this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken by the Trustee in good faith in reliance upon an opinion of Counsel or with respect to non-legal matters, upon an Officer's Certificate or the report of such other professional as the Trustee shall deem appropriate. The Trustee shall not be bound to recognize any Person as an Owner of any Bond or to take any action at his request unless such Bond shall be registered in the

name of such Person or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee.

Section 8.10. Trustee May Deal in Bonds.

The Trustee, either in its individual capacity or as a fiduciary, and its affiliates, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee and any of its affiliates may also engage in or be interested in any financial or other transaction with the Company, and may serve and act upon, or as depository, trustee or agent for, any committee or body of Owners secured hereby or of other obligations of the Company as freely as if it were not Trustee hereunder.

Section 8.11. Trustee May Construe Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof; and any construction of any such provisions by the Trustee in good faith shall be binding upon the Owners.

Section 8.12. Resignation of Trustee.

The Trustee may resign and be discharged of the trusts created by this Indenture by executing a written instrument resigning such trusts and specifying the date when such resignation shall take effect, by filing the same with the Company not less than 60 days (or such shorter period as is acceptable to the Company) before the resignation date specified in such instrument. Concurrently with the giving of such notice the Trustee shall also mail copies thereof to the Owners of all Bonds at their addresses as shown in the registration books of the Company. Such resignation shall take effect on the resignation date specified in such instrument and notice, unless (a) no successor shall theretofore have been appointed and qualified, in which case such resignation shall be of no effect until such a successor Trustee has so accepted and qualified or (b) a successor Trustee previously shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment and acceptance of such successor Trustee.

Section 8.13. Removal of Trustee.

The Trustee may be removed at any time by the vote of the Owners of a majority of the Bonds Outstanding. If the Owners of a majority of the Bonds Outstanding remove a Trustee, then the Owners of a majority of Bonds Outstanding may appoint the successor Trustee. If no Event of Default has occurred and is continuing, the Trustee may be removed by the Company, after written notice thereof shall have been given by the Company to the Trustee. Any such removal by the Owners or the Company shall not take effect until a successor Trustee has been appointed and qualified and has accepted such appointment. If at any time the Trustee shall be dissolved, the Trustee shall no longer be eligible to act as such and a vacancy shall forthwith and ipso facto exist in the office of Trustee.

If at any time there shall have occurred and then be continuing any Event of Default, the Trustee may be removed only by written direction of any Owner or Owners owning, in the aggregate, a majority in principal amount of the Bonds Outstanding.

Section 8.14. Successor Trustees.

(a) The successor to any Trustee who shall have resigned, been removed, or become ineligible to act as such may be appointed by the Company. Notwithstanding the foregoing, if there shall have occurred and there be continuing any Event of Default, then such successor Trustee shall be appointed only by any Owner or Owners owning, in the aggregate, a majority in principal amount of the Bonds then Outstanding hereunder. Until a successor Trustee is appointed to fill any vacancy in the office of Trustee, the Company shall, unless an Event of Default shall have occurred and be continuing, appoint a successor Trustee to fill such vacancy by delivering to the successor Trustee a written instrument making such appointment signed by a Responsible Officer. After any such appointment by the Company, it shall cause notice of such appointment to be mailed to the Owners. Any successor Trustee so appointed by the Company shall immediately and without further action be superseded by a Trustee appointed by the Owners in the manner provided above.

(b) If the Owners of a majority of the Bonds Outstanding remove a Trustee, then the Owners of a majority of Bonds Outstanding may appoint the successor Trustee. If at any time the Trustee shall have resigned or been removed and no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this Article prior to the resignation date for such Trustee as specified in the resignation notice or the effective date of its removal, such former Trustee may forthwith, at the expense of the Company, apply to a court of competent jurisdiction for the appointment of a successor Trustee. If, in a proper case, no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within two months after a vacancy shall have occurred in the office of Trustee, the Trustee or any Owner may apply to any court of competent jurisdiction to appoint such successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor Trustee.

(c) The Trustee which is transferring the trust may not cease to act in such capacity until such Trustee shall have executed and delivered an instrument transferring to the successor Trustee all the trust estate and the rights, powers and trusts hereunder of the Trustee so ceasing to act, the successor Trustee shall have executed the instrument and received the moneys, securities and funds described in Section 8.16, and the Trustee so ceasing to act shall have taken any action necessary to duly assign, transfer and deliver to its successor all property (including, without limitation, any Bonds and all securities and monies in any fund established hereunder) at the time held by it hereunder.

Section 8.15. Required Capital of Trustee.

The Trustee is, and each successor Trustee appointed pursuant to the foregoing provisions shall be, a national banking association with trust powers, a trust company or a bank with trust powers, having (or its parent having) combined capital and surplus of at least \$50,000,000.

Section 8.16. Acknowledgment by Successor Trustee.

Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all the estates,

properties, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such successor Trustee, the Trustee ceasing to act shall pay over to the successor Trustee all moneys, securities and funds at the time held by it hereunder.

Section 8.17. Merger of Trustee.

Any corporation or association into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or any corporation or association to which the Trustee sells or otherwise transfers all or substantially all of its corporate trust business, shall be the successor Trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE IX

AMENDMENTS AND SUPPLEMENTS

Section 9.1. Amendments and Supplements Without Consent of Owners of Bonds.

This Indenture may be amended or supplemented at any time and from time to time, without the consent of the Owners of Bonds by a Supplemental Indenture signed by a Responsible Officer of the Company and by the Trustee, for one or more of the following purposes:

- (a) to grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee which are not contrary to or inconsistent with this Indenture as then in effect or to subject to the pledge and lien of this Indenture additional revenues, properties or collateral;
- (b) to add additional covenants of the Company or to surrender any right or power herein conferred upon the Company;
- (c) to cure any ambiguity or to cure, correct or supplement any defective (whether because of any inconsistency with any other provisions hereof or otherwise) provision of this Indenture in such manner as shall not be inconsistent with this Indenture (which cured, corrected or supplemented provision shall supersede any actions taken by the Trustee under Section 8.11 hereof) and shall not impair the security hereof or materially and adversely affect the Owners;
- (d) to qualify any of the Bonds for registration under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or to qualify this Indenture as an “indenture,” under the Trust Indenture Act of 1939, as amended;
- (e) to make such changes as may accomplish the incorporation or any merger, consolidation or reorganization of the Company otherwise permitted under this Indenture;

Notwithstanding the forgoing, no amendment to this Indenture shall be made which affects the rights or liabilities of the Trustee hereunder without its written consent.

Section 9.2. Amendments With Consent of Owners of Bonds.

This Indenture may be amended from time to time, except with respect to:

- (a) the interest payable upon any Bond,
- (b) the date of maturity and redemption provisions of any Bonds,
- (c) this Article 9,
- (d) reduction in principal amount of Bonds,
- (e) reduction in the principal amount of Bonds whose Owners must consent to an amendment, supplement or waiver,
- (f) waiver of a default or Event of Default in the payment of principal of or premium, if any, or interest on the Bonds, except a rescission of acceleration of the Bonds by the Owners of at least a majority in aggregate principal amount of the outstanding Bonds and a waiver of the payment default that resulted from such acceleration, and
- (g) making the Bonds payable in currency other than that stated herein;

by a Supplemental Indenture signed by a Responsible Officer of the Company and by the Trustee and approved by the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding and affected thereby; provided, that no amendment shall be made which adversely affects the rights of some but less than all of the Bonds without the consent of the Owners of at least a majority of the Bonds Outstanding so affected, and no amendment shall be made which affects the rights of some but less than all the Outstanding Bonds without the consent of the Owners of a majority of the Bonds so affected. Amendments with respect to matters described in clauses (a) through (g) of the preceding sentence shall be effected only with the consent of Owners of all Bonds Outstanding and affected by such amendments.

Section 9.3. Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel.

The Trustee is authorized to join with the Company in the execution and delivery of any Supplemental Indenture or amendment permitted by this Article 9 and in so doing shall be fully protected by an opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Company and that all things necessary to make it a valid and binding agreement have been done. In connection with any proposed amendment or supplement to this Indenture or the Master Indenture, the Trustee may request (at the expense of the Company) the aforesaid opinion of Counsel with respect to such amendment or supplement.

Section 9.4. Amendments to Master Indenture.

(a) The Trustee, as the holder of the 2020 Master Debt, is hereby authorized to consent to any amendments, change or modification to, or waiver of any requirement of, the Master Indenture (if such consent is required under the Master Indenture), and no prior notice to or consent of the Owners shall be required for any such amendment which, as evidenced by an opinion of Counsel, does not materially adversely affect the rights of the Owners.

(b) In the case of any amendment, change or modification to, or waiver of any requirement of, the Master Indenture, which, based on an opinion of Counsel, may materially adversely affect the rights of the Owners of the Bonds, the Trustee shall consent thereto only after notice to the Owners of the Bonds Outstanding and the approval thereof by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding (or 100% in aggregate principal amount thereof in the case of any amendment, change or modification to any provision of, or waiver of any requirement of, the Master Indenture which requires the consent of the holders of 100% of the Holders of Master Debt (as defined in the Master Indenture) outstanding thereunder and affected thereby).

(c) The Trustee is expressly authorized hereunder, if required, to consent to the execution and delivery of any Replacement Master Indenture without further notice to, or approval of, any Owners of any Bonds.

ARTICLE X

SATISFACTION AND DISCHARGE

Section 10.1. Discharge.

(a) If payment of all principal of, Redemption Price, and interest on the Bonds in accordance with their terms and as provided herein is made, and if all other sums payable by the Company hereunder shall be paid or provided for, then this Indenture and the estate, title, interest and rights hereby granted shall cease, determine and be void. Thereupon, upon the written request of the Company, and upon receipt by the Trustee of an Officer's Certificate of the Company stating that all conditions precedent to the satisfaction and discharge of the lien hereof have been satisfied, the Trustee shall execute and deliver proper instruments acknowledging such satisfaction and discharging the lien hereof and the Trustee shall transfer all property held by it hereunder, other than moneys or obligations held by the Trustee for payment of amounts due or to become due on the Bonds, to the Company or such other Person as may be entitled thereto as their respective interests may appear. Such satisfaction and discharge shall be without prejudice to the rights of the Trustee thereafter to charge and be compensated or reimbursed for services rendered and expenditures incurred in connection herewith.

(b) The Company may at any time surrender to the Trustee for cancellation any Bond previously authenticated and delivered with the Company may have acquired in any manner whatsoever and such Bond upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.2. Payment of Bonds After Discharge.

Notwithstanding the discharge of the lien hereof as in this Article provided, the Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of the Bonds as provided herein. Notwithstanding any provision of this Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of or premium, if any, of interest on any Bonds and remaining unclaimed for one year after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Company free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Company as aforesaid, the Trustee shall (upon the request of the Company) send by mail to the Owners of the Bonds which have not yet been paid, at their addresses as they appear on the registration books kept pursuant to Section 2.3 hereof, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Company of the moneys held for payment thereof. The Company shall be responsible for compliance with applicable escheat laws as to any unclaimed moneys repaid to the Company hereunder.

Section 10.3. Notice to Rating Agencies.

The Trustee shall mail to all Owners, at their addresses as they appear on the registration books kept pursuant to Section 2.3 hereof, written notice of any discharge pursuant to this Article, and to each Rating Agency that the Company notifies the Trustee is then rating the Bonds; provided that failure to provide such notice shall not affect the sufficiency of the proceedings for such discharge.

ARTICLE XI

MISCELLANEOUS PROVISIONS

Section 11.1. Parties Interested Herein.

Nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to, any Person, other than the parties hereto and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and the covenants, stipulations and agreements in this Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the Owners of the Bonds.

Section 11.2. Provisions Disregarded.

If any term or provision of this Indenture or the Bonds or the application thereof for any reason or circumstances shall to any extent be held to be invalid or unenforceable, the remaining provisions or the application of such term or provision to Persons other than those as to which it is held invalid

or unenforceable, shall not be affected thereby, and each term and provision hereof and thereof shall be valid and enforceable to the fullest extent permitted by law.

Section 11.3. Consents and Other Instruments by Owners.

Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

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

(ii) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books of the Company maintained by the Trustee and by the list of Beneficial Owners pursuant to Section 8.18 hereof. The Trustee may establish a reasonable record date for the purpose of identifying Owners entitled to issue any consent, request, direction, approval or instrument.

Section 11.4. Notices.

All notices, demands, directions, instructions, consents, approvals, and requests to be given to or made hereunder by the Company or the Trustee shall be given or made in writing and shall be deemed to be properly given or made on the next Business Day if sent by Electronic Means or by a reputable overnight mail or delivery service, charges prepaid, or on the third Business Day if sent by United States certified or express mail, return receipt requested postage prepaid, or on the date of receipt if sent by facsimile prior to 4:00 p.m. Eastern Time on a Business Day with written evidence of receipt, addressed as follows:

(i) To the Designated Office of the Trustee:

Global Corporate Trust Services
U.S. Bank National Association
225 East Robinson Street, Suite 250
Orlando, Florida 32801
Attention: Leanne Duffy
Email: leanne.duffy@usbank.com

(ii) To the Company:

CAN Community Health, Inc.
4440 Fruitville Road
Sarasota, Florida 34232
Attention: Chief Financial Officer
Email: mlifland@cancommunityhealth.org

With a copy to:

Williams Parker Harrison Dietz & Getzen
200 South Orange Avenue
Sarasota, Florida 34236
Attention: Michael J. Wilson, Esq.
Facsimile: (941) 366-5109
Email: mwilson@williamsparker.com

(iii) To the Remarketing Agent:

Hilltop Securities Inc.
6100 Fairview, Suite 651
Charlotte, North Carolina 28210
Attention: Steve Coma, Managing Director
Email: steve.coma@hilltopsecurities.com

Any such notice, demand or request may also be transmitted to the appropriate above mentioned party by facsimile or by Electronic Means and shall be deemed to be properly given or made at the time of such transmission if, and only if, written evidence of such transmission of notice is retained.

Any of such addresses may be changed at any time upon written notice of such change sent in accordance with this Section.

All documents received by the Trustee under the provisions of this Indenture, or photographic copies thereof, shall be retained in its possession until this Indenture shall be released under the provisions of Section 10.2 of this Indenture, subject at all reasonable times to the inspection of the Company and any Owner and the agents and representatives thereof.

Section 11.5. Notice to Rating Agencies.

The Trustee shall give notice to each Rating Agency then maintaining a rating on the Bonds of any of the following events:

- (a) a change in the Trustee or Paying Agent;
- (b) redemption of any Bonds;
- (c) any amendment or supplement to this Indenture; and

(d) the payment or discharge of all the Bonds.

The Trustee shall have no liability or obligation to any Rating Agency or to any other Person if it shall fail to give such notice.

Section 11.6. Facsimile and Electronic Transmissions.

The Trustee shall accept and act upon instructions or directions from the Company pursuant to this Indenture sent by unsecured e-mail, facsimile transmission, or other similar unsecured electronic methods, *provided* that the Company shall have provided to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which such incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Company elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions, notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Company shall assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties.

Section 11.7. Disqualified Bonds.

In determining whether the Owners of the requisite aggregate principal amount of the Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, the Bonds which are owned or held by or for the account of 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, unless all of the Bonds are so owned; provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Company or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Company unless the Company is the registered owner of such Bond or the Trustee has received written notice thereof. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall certify to 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. Upon request, the Company shall designate those Bonds disqualified pursuant to the terms of this Section.

Section 11.8. Governing Law.

The laws of the State of Florida shall govern the construction and interpretation of this Indenture.

Section 11.9. Successors and Assigns.

All the covenants, promises and agreements in this Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 11.10. Headings for Convenience Only.

The table of contents and descriptive headings in this Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 11.11. Severability.

If any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.12. Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 11.13 Electronic Transactions and Storage.

The transaction described herein may be conducted and related documents may be stored by Electronic Means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

IN WITNESS WHEREOF, CAN COMMUNITY HEALTH, INC. has caused this Indenture to be executed by its duly authorized officer and U.S. BANK NATIONAL ASSOCIATION has caused this Indenture to be executed by its duly authorized officer, all as of the day and year first above written.

CAN COMMUNITY HEALTH, INC., a Florida
not for profit corporation, as initial Obligated
Affiliate

By: _____
Richard E. Carlisle, President and Chief
Executive Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Leanne Duffy, Vice President

**CERTIFICATE OF AUTHENTICATION OF MASTER DEBT
UNDER MASTER TRUST INDENTURE**

This instrument evidences Master Debt which is Senior Master Debt, each as defined in and subject to the Master Trust Indenture dated as of December 30, 2020, from CAN Community Health, Inc. and the Obligated Affiliates named therein to U.S. Bank National Association, as trustee, and is registered in the Master Debt Register therefor as No. 1.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee under the Master Trust
Indenture

By: _____
Leanne Duffy, Vice President

EXHIBIT A

FORM OF BOND

Unless this certificate is presented by an authorized representative of DTC, to the Company or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or to such other entity as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS BOND EXCEPT (A) TO THE ISSUER, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AS DEMONSTRATED BY AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS BOND IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

REGISTERED

No. AR-1

91,350,000

CAN COMMUNITY HEALTH, INC. Series 2020 Taxable Bonds

INITIAL INTEREST RATE: 8.5% per annum

DATED DATE: December 30, 2020

RESET DATE: March 1, 2024

MATURITY DATE: March 1, 2028

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM: Ninety-One Million Three Hundred Fifty Thousand Dollars

INITIAL CUSIP: 12510X AA3

CAN Community Health, Inc. (the “Company”), a Florida not for profit corporation, for value received, promises to pay to the Owner hereof specified above or registered assigns, on the Maturity Date specified above and upon surrender hereof, the Principal Sum hereof unless this Bond shall have been previously called for redemption and payment of the Redemption Price shall have been duly made or provided for, and to pay to the Owner hereof interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) at the Initial Interest Rate specified above to but not including the Reset Date specified above, and thereafter at the applicable Reset Rate, until payment of the principal hereof has been made or provided for. This Bond will bear interest from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or provided next preceding the date of authentication hereof, unless the date of authentication (i) is a date after a Regular Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event this Bond shall bear interest from the next succeeding Interest Payment Date, or (ii) is an Interest Payment Date to which interest has been paid, in which event this Bond shall bear interest from the date of authentication hereof, until payment of said Principal Sum has been made or provided for, unless this Bond has been called for redemption as described herein, or, if no interest has been paid, from the Dated Date shown above.

The interest on this Bond is payable on March 1 and September 1 of each year commencing March 1, 2021 (each an “Interest Payment Date”), to the Owner hereof by check or draft drawn on the Trustee (hereinafter defined) and mailed to the Owner at his address as it appears in the registration books maintained in accordance with the Bond Indenture at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (i.e. each February 15 and August 15) (the “Regular Record Date”), irrespective of any transfer or exchange of this Bond subsequent to such Regular Record Date and prior to such Interest Payment Date, unless the Company shall default in the payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest will be payable to the Person in whose name such Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the Company to the Owner of this Bond not less than ten (10) days preceding the proposed payment date. Such notice of Special Record Date will be mailed to the Persons in whose names this Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing. All payments with respect to this Bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Notwithstanding the foregoing, interest on this Bond and the Redemption Price of this Bond as herein described may be paid by wire transfer in immediately available funds to an account in any member bank of the Federal Reserve System designated in writing by the Owner of the Bonds in an aggregate principal amount of \$500,000 or more not less than 15 days prior to the applicable Interest Payment Date or redemption date; provided, however, that the Trustee’s records with respect to the payment of the principal of any Bond in accordance with this subsection shall be conclusive and binding on the Owner of any Bond so paid and each successive Owner thereof. Any such notice provided by an Owner in accordance with the preceding sentence may provide that it shall be effective for any and all future payment dates until otherwise specified in writing.

The principal or Redemption Price of, and interest on this Bond shall be payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts. The principal of this Bond is payable upon surrender hereof at

the Designated Office of U.S. Bank National Association, or as designated by its successor (the “Paying Agent”). Interest shall be paid on March 1 and September 1 in each year, commencing March 1, 2021 (each an “Interest Payment Date”) to the Person in whose name this Bond is registered as of the close of business on the applicable Regular Record Date (hereinafter defined) on the registration books maintained by Trustee on behalf of the Company in accordance with Indenture. If sufficient funds for the payment of interest becoming due on any Interest Payment Date are not on deposit with the Paying Agent on such date, the interest so becoming due shall thereupon cease to be payable to the Owner otherwise entitled thereto as of such date and, if sufficient funds thereafter become available for the payment of such overdue interest, such payment shall be made on a special interest payment date to be established for such payment to the Person in whose name this Bond is registered on the aforesaid registration books as of the close of business on a Special Record Date relating thereto. Notice of any such dates shall be mailed to the registered owner of this Bond at least 10 days prior to the Special Record Date, but not more than 30 days prior to the special interest payment date, so established. Payments of interest shall be made by check or draft mailed on the applicable Interest Payment Date (or special interest payment date, if applicable) to the Persons entitled thereto at the addresses shown in the aforesaid registration books on the Regular Record Date (or Special Record Date, if applicable); provided, however, that interest on any Bond shall be paid by wire transfer to a bank located in the United States of America of immediately available funds to the Securities Depository (if this Bond is a Book-Entry Bond) or any registered owner of at least \$500,000 in aggregate principal amount of Bonds, at the option of such registered owner, according to wire instructions given to the Paying Agent in writing for such purpose and on file at least twenty (20) days prior to the applicable Interest Payment Date.

If the date for payment of the principal or Redemption Price of, or interest on this Bond, or a date fixed for redemption of this Bond, shall be a Saturday, Sunday or other day on which banks in New York, New York or the jurisdiction of the Designated Office of the Trustee or the Master Trustee or payment office of the Paying Agent are required or permitted by law or executive order to close or the New York Stock Exchange or the Securities Depository is closed, then the date for such payment shall be the next day which is not a Saturday, Sunday or other day on which banks in New York, New York or the jurisdiction of the Designated Office of the Trustee or the Master Trustee or payment office of the Paying Agent are required or permitted by law or executive order to close or the New York Stock Exchange or the Securities Depository is closed and payment on such date shall have the same force and effect as if made on the nominal date of payment.

This Bond is one of a series limited to \$91,350,000 in aggregate principal amount, designated “Series 2020 Taxable Bonds” (the “Bonds”), issued in denominations of \$25,000 each or any integral multiple of \$5,000 in excess thereof, in fully registered form, without coupons, all of like tenor, and all issued under, equally and ratably secured (except as otherwise expressly provided in the Bond Indenture) by the Bond Indenture dated as of December 30, 2020 (the “Bond Indenture”) between the Company and U.S. Bank National Association, as Trustee (the “Trustee”), for the purpose of providing funds for and towards payment of a portion of the cost of undertaking a project for the benefit of the Company, as more particularly described in the Bond Indenture.

To evidence and secure its payment obligations hereunder, the Bond Indenture has been authenticated as Senior Master Debt (the “2020 Master Debt”) under and pursuant to a Master Trust Indenture dated as of December 30, 2020 (as amended and supplemented from time, the “Master Indenture”), by and among the Company, CANTransport, LLC, JTJ Medical Supply Inc., Midland

Medical – Broward, LLC, Midland Research Group, LLC, MidlandCAN, LLC, Pride Pharmaceuticals, LLC, Pride Pharmacy, LLC, and Tampa Family Pharmacy, LLC (collectively, the “Obligated Affiliates”), and U.S. Bank National Association, as master trustee.

Additional reference is made to the Bond Indenture, which is hereby incorporated by reference, for a statement of the purposes for which this Bond is issued; the Company’s pledge to pay the principal or Redemption Price of, and interest on, this Bond; a description of the duties and rights of the Company and of the Trustee; the provisions under which the lien of the Bond Indenture may be defeased; and the extent and manner of enforcement of the rights of the Owners of this Bond.

This Bond is not subject to redemption prior to maturity except as described below:

Optional Redemption. This Bond is subject to optional redemption by the Company prior to maturity on or after March 1, 2024, in whole or in part on any date (in amounts not less than \$50,000), at the redemption prices (expressed as percentages of principal amount) (the “Redemption Price”) set forth in the table below plus accrued interest to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
March 1, 2024 through February 28, 2025	112%
March 1, 2025 through February 28, 2026	109%
March 1, 2026 through February 28, 2027	106%
March 1, 2027 through February 29, 2028	103%

The Company shall give written notice of its intention to prepay this Bond pursuant to this paragraph and the amount of the Redemption Premium thereon in sufficient time to enable the Trustee to give notice of such prepayment in accordance with the Bond Indenture.

Notice of Redemption. The Trustee shall cause notice of any optional redemption of the Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the registered addresses appearing in the registration books maintained in accordance with the Bond Indenture. Each such notice shall (i) be mailed at least 30 days and not more than 60 days prior to the date fixed for redemption, (ii) identify the Bonds to be redeemed, specifying the name of the issue, the date of the issue, the stated maturity date thereof, the CUSIP numbers and certificate numbers assigned to the Bonds to be redeemed, (iii) specify the date fixed for redemption and the amount payable in respect thereof, and (iv) state that on the date fixed for redemption the Bonds called for redemption will be payable at the designated corporate trust office of the Paying Agent upon presentation and surrender thereof, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. Failure to give notice in the manner described in this paragraph with respect to any Bond, or any defect in such notice, shall not affect the validity of the proceedings for redemption for any Bond with respect to which notice was properly given.

If at the time of mailing any notice of the optional redemption of any Bonds, the Company shall not have deposited with the Trustee funds sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to, and conditioned upon, the deposit of such funds with the Trustee not later than 10 a.m. on the date fixed for redemption and notice thereof and shall be of no effect unless such funds are so deposited.

This Bond is subject to optional tender for purchase on the Reset Date and any Reset Date thereafter, at a purchase price equal to the principal amount thereof plus accrued interest.

If the Company deposits with the Trustee funds sufficient to pay the principal of any Bonds becoming due at maturity or upon redemption, together with interest on such Bonds to the due date, the interest on such Bonds will cease to accrue on the due date, and thereafter the Owners will be restricted to the funds so deposited as provided in the Bond Indenture.

Certain modifications and alterations of the Bond Indenture not materially and adversely affecting rights of Owners of the Bonds Outstanding thereunder may be made without the consent of the Owners of the Bonds in the manner and upon the terms and conditions provided in the Bond Indenture. Any other modification or alteration of the Bond Indenture and of rights and obligations of the Company and of Owners of the Bonds Outstanding thereunder may be made in the manner and upon terms and conditions provided in the Bond Indenture. Any consent by the Owner of this Bond when required by the Bond Indenture (unless revoked as provided in the Bond Indenture), shall be conclusive and binding upon such Owner and all future Owners of this Bond, irrespective of whether any notation of such consent is made upon this Bond.

Executed counterparts of the Bond Indenture and the Master Indenture are on file at the Designated Office of the Trustee, and are available for inspection. All descriptions of the provisions of such documents contained herein are amplified and qualified in all respects by the exact provisions of such documents, and the definitions contained therein shall apply to like terms contained in this Bond. The acceptance of the terms and conditions of all of the above documents is an explicit and material part of the consideration for the issuance of this Bond, and the acceptance of this Bond shall bind the Owner to the terms and conditions of all of the above documents.

In case an Event of Default, as defined in the Bond Indenture, shall have occurred, the principal of all Bonds and all other Bonds then Outstanding under the Bond Indenture may become due and payable before their maturity date.

This Bond is transferable, as provided in the Bond Indenture, by the Owner hereof or his duly authorized attorney at the Designated Office of the Trustee, upon surrender of this Bond, accompanied by a duly executed instrument of transfer (with signatures guaranteed if so requested by the Trustee), in form satisfactory to the Trustee, and upon payment by the Owner hereof of any taxes, fees or other governmental charges incident to such transfer. Upon such transfer, one or more new fully registered Bonds without coupons of the same series, type and in the same aggregate principal amount, in any authorized denomination, will be issued to the transferee. The Company and the Trustee may treat the Owner of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Trustee shall not be required to transfer or exchange any Bond selected for redemption.

This Bond is not valid unless the Trustee's Authentication Certificate endorsed hereon is duly executed.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery

of the Bond Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Company has caused this Bond to be executed in its name by the signature of its duly authorized officer.

CAN COMMUNITY HEALTH, INC., a Florida
not for profit corporation, as an Obligated
Affiliate and Obligated Group Agent

By: _____
Name: _____
Title: _____

TRUSTEE'S AUTHENTICATION CERTIFICATE

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

Date of Authentication: December 30, 2020

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[FORM OF ASSIGNMENT AND TRANSFER]

ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED

The undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer said Bond on the Bond register of the within-named Trustee, with full power of substitution in the premises.

Dated:

Signature:

Signature Guaranteed:

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

Social Security or Tax Identification
Number of Transferee: _____

[For Certificated Bonds: Option of Holder to Elect Purchase]

If you want to elect to have this Bond purchased by the Company pursuant to Section 2.13, Section 2.14 or Section 2.15 of the Indenture, check the box:

Section 2.13 []
Section 2.14 []
Section 2.15 []

If you want to elect to have only part of this Bond purchased by the Company, state the amount: \$ _____

Dated: _____

Signed: _____
(Sign exactly as name appears
on this bond)

Signature

Guarantee:

Participant in a recognized Signature Guarantee
Medallion Program (or other signature guarantor
program reasonably acceptable to the Trustee)]

EXHIBIT B

REPRESENTATIONS OF BENEFICIAL OWNER OR REGISTERED OWNER, AS APPLICABLE

As a condition to its purchase of the Bonds, (i) with respect to Bonds which are Book-Entry Bonds, each Beneficial Owner of the Bonds is hereby deemed to have certified, and (ii) with respect to certified Bonds which are not Book-Entry Bonds, each registered Owner hereby certifies, to the Company and the Underwriter the following:

- a. It is “qualified institutional buyer” (as defined under Rule 144A under the Securities Act of 1933, as amended) and is aware that any sale of the Bonds to it will be made in reliance on Rule 144A;
- b. It has relied on the information contained in the Offering Memorandum dated December 29, 2020, and has had an opportunity to review the risks associated with the Company and its operations contained herein, particularly under the section headed “BONDHOLDERS’ RISKS;”
- c. It can (a) bear the economic risk of the purchase of the Bonds and (b) has such knowledge and experience in business and financial matters as to be capable of evaluating the risks and merit of an investment in the Bonds;
- d. It acknowledges (i) that the Bonds are suitable only for inclusion in a diversified portfolio containing high yield, high risk securities and (ii) that such purchaser has undertaken the responsibility for obtaining all the information that is deemed necessary and desirable to form such a decision to purchase the Bonds;
- e. It understands that the Bonds are not currently required to be, have not been, and are not intended to be, registered under the Securities and Exchange Act of 1934 and all applicable securities laws of the State of Florida or registered or otherwise qualified under the securities laws of any state or other jurisdiction (collectively, the “Securities Laws”), and that any sale or other transfer of the Bonds (other than estate transfer) may be transferred only to transferees that meet the qualifications set forth in paragraphs (a)–(e) above and only in accordance with such Securities Laws.
- f. It acknowledges that:
 - i. It has relied on the Offering Memorandum to evaluate the factors associated with its investment decision to purchase the Bonds;
 - ii. It has been provided with full and complete access to and has been furnished with all the information requested regarding the Obligated Group and the Bonds as was deemed by such purchaser necessary in connection with the purchase of the Bonds;
- g. It has waived any requirement of due diligence and investigation or inquiry on the part of the Trustee.

- h. It is not purchasing the Bonds with a present view to distribution, transfer or resale thereof.

[____], as Registered Owner of
\$_____ Principal Amount of Bonds

By: _____
Name: _____
Title: _____

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APPENDIX D

THE DTC BOOK-ENTRY ONLY SYSTEM

The Bonds will be delivered in book-entry-only form. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or other such name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each series and each maturity within such series of the Bonds, in the aggregate principal amount of such maturity, and will be held by the Bond Trustee in accordance with DTC's Fast Automated Securities Transfer program.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Company as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detailed information from the Company or the Bond Trustee on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Bond Trustee, or the Company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest is the responsibility of the Company or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable prior notice to the Company or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Company may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company and the Underwriter believe to be reliable, but neither of the Company nor the Underwriter takes responsibility for the accuracy thereof.

Neither the Company nor the Bond Trustee will have any responsibility or obligation to Direct Participants, Indirect Participants, or any Beneficial Owner with respect to (a) the accuracy of any records maintained by DTC, any Direct Participant, or any Indirect Participant; (b) any notice that is permitted or required to be given to the Owners of Bonds under the Indenture; (c) the payment by DTC or any Direct Participant or Indirect Participant of any amount with respect to the principal or interest due with respect to the Owner of the Bonds; (d) any consent given or other action taken by DTC as the Owner of Bonds; or (e) any other matter regarding DTC.