PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER ___, 2020

NEW ISSUE - BOOK-ENTRY ONLY **RATING: See "RATING" herein**

In the opinion of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, assuming continuing compliance by the Issuer and the Corporation with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds.

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CITY OF POMPANO BEACH, FLORIDA
REVENUE AND REVENUE REFUNDING BONDS
(JOHN KNOX VILLAGE PROJET)
SERIES 2020

Dates, Interest Rates, Principal Amounts, Yields and CUSIP Numbers Shown on the Inside Cover

The City of Pompano Beach, Florida (the "Issuer") is issuing $____________* aggregate principal amount of its Revenue and Revenue Refunding Bonds (John Knox Village Project), Series 2020 (the "Bonds") pursuant to a Bond Indenture, to be dated as of October 1, 2020 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Bond Trustee"). The Issuer is entering into a Loan Agreement to be dated as of October 1, 2020 (the "Loan Agreement"), with John Knox Village of Florida, Inc. (the "Corporation" and the "Obligated Group Representative") under which the Issuer agrees to lend to the Corporation proceeds of the Bonds and in consideration and as evidence of the loan, the Corporation has agreed to make payments to the Bond Trustee in such amounts and at such times as are required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds. The Corporation owns and operates a continuing care retirement community presently known as "John Knox Village of Pompano Beach" (the "Community").

The Corporation will use the proceeds of the Bonds, together with certain other moneys, for the purposes of (i) refunding the Issuer's Health Facilities Revenue Refunding Bonds (John Knox Village of Florida, Inc. Project), Series 2010 (the "2010 Bonds") that are outstanding as of the date of issuance of the Bonds and refinancing certain previous draws on a line of credit of the Corporation has outstanding that was issued by Northern Trust Company (the "Line"), the proceeds of which 2010 Bonds and Line financed and refinanced various capital improvements to the Community; (ii) financing, or reimbursing the Corporation for, the cost of certain capital improvements for or to the Community, including, without limitation, a new community pavilion and related amenities, dining facilities and other improvements (collectively, the "2020 Project"); (iii) funding a debt service reserve fund and capitalized interest, and (iv) paying costs associated with the issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Except as described in this Official Statement, the Bonds and the interest payable thereon are limited obligations of the Issuer and are payable solely from and secured exclusively by the funds pledged thereto under the Bond Indenture, the payments to be made by the Corporation pursuant to the Loan Agreement, and Obligation No. 4 (as defined herein) issued by the Obligated Group pursuant to the Composite Master Trust Indenture, dated as of October 1, 2020, by and among the Obligated Group and U.S. Bank National Association, as master trustee, for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, as amended by the First Amendment to Amended and Restated Master Trust Indenture dated October 31, 2014 and a Second Amendment to Amended and Restated Master Trust Indenture (the "2020 Amendments") dated as of October 1, 2020, both by and between the Corporation, the Obligated Group and U.S. Bank National Association, as master trustee (the "Master Trustee") said Master Indenture may be further amended and supplemented from time to time (collectively, the "Master Indenture"). The Corporation is currently the sole Member of the Obligated Group. The sources of payment of, and security for, the Bonds are more fully described in this Official Statement.

Obligation No. 4 will be secured equally and ratably on parity with (1) Obligation No. 2, which was issued to secure the Corporation's payment obligations relating to the City of Pompano Beach, Florida Health Facilities Revenue Refunding Bonds (John Knox Village Project), Series 2015 (the "Series 2015 Bonds"), (2) Obligation No. 3 which was issued to secure the Corporation's payment obligations with respect to the Line and (3) any additional Obligations that may be issued pursuant to the Master Indenture (collectively, the "Parity Obligations"). See "ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS" herein. The Corporation and the Master Trustee desire to execute the 2020 Amendments as provided for herein. The Holders of the Bonds shall consent to the 2020 Amendments, as evidenced by their purchase of the Bonds. See "SECURITY FOR THE BONDS - Bondholders Deemed to Consent to Amendments to Master Indenture" herein. The Bonds also subject to acceleration of maturity and optional and mandatory redemption, in whole or in part, prior to maturity at the prices and under the circumstances described herein. See "THE BONDS-Redemption" herein.

The Bonds when issued will be registered only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased and ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Principal of and interest on the Bonds will be paid by the Bond Trustee to DTC, which in turn will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See "Book-Entry Only System" in Appendix F hereto.

An investment in the Bonds involves risk related to, among other things, the nature of the Obligated Group's business, the regulatory environment, and the provisions of the principal documents. See "SECURITY FOR THE BONDS" and "RISK FACTORS" herein for a discussion of certain risk factors that should be considered in connection with an investment in the Bonds.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PLEDGED REVENUES AND FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF FLORIDA (THE "STATE"), THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE, ISSUER NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN FROM PLEDGED REVENUES, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER OR OF ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

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 Herbert J. Sims & Co., Inc. (the "Underwriter") subject to the approving opinion of Bryant Miller Olive P.A. Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by the City Attorney; for the Corporation by its counsel, Gray Robinson LLP, Tampa, Florida; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia. Hamlin Capital Advisors, LLC, Tampa, Florida, is serving as Financial Advisor to the Corporation. It is expected that the Bonds will be available for delivery to the Bond Trustee on behalf of DTC, against payment therefor, on or about October __, 2020.

[HJ Sims Logo]

Dated: __________, 2020

*Preliminary, subject to change

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CITY OF POMPANO BEACH, FLORIDA
REVENUE AND REVENUE REFUNDING BONDS
(JOHN KNOX VILLAGE PROJECT), SERIES 2020

The Bonds will be issuable in fully registered form without coupons in minimum denominations of $5,000 and any integral multiples thereof. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2021.

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

$________ Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	CUSIP©†

Term Bonds

$_________ ____% Due September 1, 20__ Yield _____%* Price ____ CUSIP©† ____________

*Yield to first call date.

* Preliminary, subject to change

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by the Corporation, the Issuer, or the Underwriter. The information set forth herein concerning the Corporation has been furnished by the Corporation and is believed to be reliable but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by, the Issuer or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information contained in this Official Statement has been furnished by the Corporation, the Issuer, DTC, and other sources that are believed to be reliable; but such information is not guaranteed as to accuracy or completeness by and is not to be construed as a representation of, the Underwriter. Except where otherwise indicated, this Official Statement speaks as of the date hereof.

The information and expressions of opinion herein are subject to change without notice; and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "anticipate," "believe," "budget," "estimate," "expect," "intend," "plan," "forecast," or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE CORPORATION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

This Official Statement is being provided to prospective purchasers in either bound or printed format ("Original Bound Format"), or in electronic format on the following website: www.munios.com. This Official Statement may be relied on only if it is in its Original Bound Format, or if it is printed or saved in full directly from the aforementioned website or www.emma.msrb.org.

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PHOTOS OF JKV FACILITIES

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SHORT STATEMENT

The information set forth in this Short Statement is subject in all respects to more complete information set forth elsewhere in this Official Statement, which should be read in its entirety. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Short Statement from this Official Statement or otherwise to use it without this entire Limited Offering Memorandum. For the definitions of certain words and terms used in this Short Statement, see "FORMS OF PRINCIPAL FINANCIING DOCUMENTS" in Appendix C hereto.

The Issuer

The City of Pompano Beach, Florida (the "Issuer"), a public body corporate and politic duly created and existing under the laws of the State of Florida. The Issuer is authorized provisions of Chapter 154, Part III and Chapter 159, Part II, Florida Statutes, as amended (the "Act"), to issue its revenue bonds to finance and refinance the acquisition, construction, renovation and equipping of projects, within the meaning of the Act, within the jurisdiction of the City of Pompano Beach, Florida (the "City").

Although the Issuer has consented to the use of this Official Statement in connection with the offering and sale of the Bonds, the Issuer has not participated in the preparation of the Official Statement. The Issuer makes no representation and assumes no responsibility as to the accuracy, adequacy or completeness of the information in this Official Statement other than with respect to the accuracy of the information relating to the Issuer under the captions "THE ISSUER" and "LITIGATION - Issuer" herein. The Issuer has relied upon representations of the Corporation and the advice of Bond Counsel, without independent investigation, as to various matters in executing and delivering the Bonds, the Bond Indenture, the Loan Agreement and various other documents and instruments in connection therewith. The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of such information obtained by any purchaser of the Bonds. See "THE ISSUER" herein.

The Corporation

The Corporation is a Florida not for profit corporation. The Corporation owns and operates a continuing care retirement community presently known as "John Knox Village of Pompano Beach" (the "Community"). The Corporation has been determined by the Internal Revenue Service to be exempt from federal income taxation as an organization described in Section 501(c)(3) of the Code. See Appendix A hereto for a description of the Corporation and the Community.

Plan of Finance

The Issuer will issue its $___________* Revenue and Revenue Refunding Bonds (John Knox Village Project) Series 2020 (the "Bonds"). John Knox Village of Florida, Inc. (the "Corporation") will use the proceeds of the Bonds, together with certain other moneys, for the purposes of (i) refunding the Issuer's Health Facilities Revenue Refunding Bonds (John Knox Village of Florida, Inc. Project), Series 2010 (the "2010 Bonds") that are outstanding as of the date of issuance of the Bonds and refinancing certain previous draws on a line of credit of the Corporation has outstanding that was issued by Northern Trust Company (the "Line"), the proceeds of which 2010 Bonds and Line financed and refinanced various capital improvements to the Community; (ii) financing, or reimbursing the Corporation for, the cost of certain capital improvements for or to the Community (as defined herein), including, without limitation, a new community pavilion and related amenities, dining facilities and other improvements (collectively, the "2020 Project"); (iii) funding a debt service reserve fund and capitalized interest, and (iv) paying costs associated with the issuance of the Bonds. See "PLAN OF FINANCE" herein for additional information relating to the plan of finance.

* Preliminary, subject to change.

Description of the Bonds

Redemption. The Bonds are subject to redemption prior to their stated maturity. See "THE BONDS" herein.

Denominations. The Bonds are issuable in the denominations of $5,000 and any integral in excess thereof. See "THE BONDS" herein.

Registration, Transfers and Exchanges. The Bonds are issuable only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") and will be available to ultimate purchasers ("Beneficial Owners") under the book-entry only system maintained by DTC, only through brokers and dealers who are, or act through, its participating members, which include securities brokers and dealers, banks, trust companies, and clearing corporations ("DTC Participants"). Beneficial Owners will not be entitled to receive physical delivery of the Bonds. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. See "BOOK-ENTRY ONLY SYSTEM" in Appendix F hereto.

Payments. Interest on each series of the Bonds is payable on March 1 and September 1 of each year (each such date, an "Interest Payment Date"), commencing March 1, 2021. Payment of the principal of and interest on each series of the Bonds will be made by the Bond Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter by the DTC Participants to Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" in Appendix F hereto.

Tax Matters. In the opinion of Bryant Miller Olive P.A., Tampa, Florida, Bond Counsel, assuming continuing compliance with certain covenants, under existing statutes, regulations and judicial decisions, the interest on the Bonds is excluded from gross income for federal income tax purposes of the holders thereof and is not an item of tax preference for purposes of the federal alternative minimum tax. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Bonds. See "TAX MATTERS" herein.

Amendments. **By their ownership interests in the Bonds and accepting and purchasing the Bonds, the holders thereof will be deemed to have consented to the amendments of the Master Indenture as set forth in the 2020 Amendments. See "SECURITY FOR THE BONDS -- Bondholders Deemed to Consent to Amendments to Master Indenture" herein and "FORMS OF PRINCIPAL FINANCING DOCUMENTS – ____________" attached in Appendix D hereto.**

The 2020 Project

General. The 2020 Project includes certain capital improvements for or to the Community, including, without limitation, a new community pavilion and related amenities, dining facilities and other improvements. [Add additional detail upon receipt of Appendix A].

General Contractor. [Add Information and reference Appendix A]

Architect. The Corporation has engaged Perkins Eastman Architects to provide architectural services in connection with the 2020 Project pursuant to a [Name of Architect Agreement] dated as of ___________, 20__ (the "Architect Agreement.")

Security and Sources of Payment for the Bonds

Limited, Special Obligations. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PLEDGED REVENUES AND FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF FLORIDA (THE "STATE"), THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE, ISSUER NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN FROM PLEDGED REVENUES,

AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER OR OF ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

The Loan Agreement. Under the Loan Agreement, dated as of October 1, 2020 (the "Loan Agreement"), between the Corporation and the Issuer, the Corporation has agreed to make loan payments sufficient, among other things, to pay in full when due all principal of, premium, if any, and interest on the Bonds and the administrative fees of the Bond Trustee. See "SECURITY FOR THE BONDS – The Loan Agreement" herein.

The Bond Indenture. The Bonds are issued under and are equally and ratably secured under the Bond Trust Indenture, dated as of October 1, 2020 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Bond Trustee"), pursuant to which the Issuer has assigned and pledged to the Bond Trustee as follows: (1) the hereinafter described Obligation No. 4 relating to the Bonds ("Obligation No. 4"), (2) certain rights of the Issuer under the hereinafter described Loan Agreement and assigned by the Issuer to the Bond Trustee (except for certain reserved rights of the Issuer, including its rights to indemnification payments and the payment of certain expenses, its rights to give certain approvals and consents and its rights to receive certain documents, information and notices), (3) the funds and accounts, including the money and investments in them, which the Bond Trustee holds under the terms of the Bond Indenture, and (4) such other property as may from time to time be pledged to the Bond Trustee as additional security for such Bonds or which may come into possession of the Bond Trustee pursuant to the terms of the Loan Agreement or Obligation No. 4. See "SECURITY FOR THE BONDS – General" herein.

The Bond Indenture establishes a Construction Fund. The Corporation will use these monies to the pay the costs of the 2020 Project. Before any such payment shall be made, the Corporation shall file with the Bond Trustee a requisition, by a Borrower Officer stating: (i) the name of the Person to whom each such payment is due (which may be the Corporation), (ii) the respective amounts to be paid, (iii) the purpose by general classification for which each obligation to be paid was incurred and (iv) that obligations in the stated amounts have been incurred by the Corporation and are presently due and payable, or are properly reimbursable to the Corporation, and that each item thereof is a necessary cost of the Project and is a proper charge against the Construction Fund and has not been paid.

Master Indenture and Mortgage. The obligation of the Corporation to repay the loan from the Issuer will be evidenced by Obligation No. 4, issued under and entitled to the benefit and security of the Composite Master Trust Indenture, dated as of October 1, 2020, by and among the Obligated Group and U.S. Bank National Association, as master trustee, for the benefit of the owners from time to time of all Obligations issued thereunder and secured thereby, as amended by the First Amendment to Amended and Restated Master Trust Indenture dated October 31, 2014 and a Second Amendment to Amended and Restated Master Trust Indenture dated the date of issuance of the Bonds (the "2020 Amendments"), both by and between the Corporation, the Obligated Group and U.S. Bank National Association, as master trustee (the "Master Trustee") said Master Indenture may be further amended and supplemented from time to time (collectively, the "Master Indenture"). See "Master Indenture" in Appendix C hereto. **By their ownership interests in the Bonds, the holders thereof will be deemed to have consented to the amendments of the Master Indenture as set forth in the 2020 Amendments attached in Appendix D hereto.** See "SECURITY FOR THE SERIES 2020 BONDS – Bondholders Deemed to Consent to Amendments to Master Indenture" herein. See also "RISK FACTORS – Certain Matters Relating to the Enforceability of the Master Indenture."

The Corporation is currently the sole Member of the Obligated Group. Obligation No. 4 will constitute an unconditional promise by each Member of the Obligated Group (as defined in the Master Indenture) to pay amounts sufficient to pay principal of (whether at maturity, by acceleration or call for redemption) and premium, if any, and interest on the Bonds; and Obligation No. 4 will be secured on a parity basis with any other Obligations heretofore and hereafter issued under the Master Indenture, by a lien on and security interest in the Mortgaged Property granted to the Master Trustee pursuant to the Amended and Restated Mortgage and Security Agreement dated October 31, 2014, by and among the Obligated Group and the Master Trustee (the "Mortgage") and a security interest in the Gross Revenues of the Corporation and the Funds established under the Master Indenture. The Corporation and each Member of the Obligated Group admitted in the future will be jointly and severally liable for the payment for all obligations entitled to the benefits of the Master Indenture and will be subject to the financial and operating covenants thereunder. [Add mortgage amendment upon receipt]

Parity Obligations. Obligation No. 4 will be secured equally and ratably on parity with (1) Obligation No. 2, which was issued to secure the Corporation's payment obligations relating to the City of Pompano Beach, Florida Health Facilities Revenue Refunding Bonds (John Knox Village Project), Series 2015 (the "Series 2015 Bonds"), (2) Obligation No. 3 which was issued to secure the Corporation's payment obligations with respect to the Line and (3) any additional Obligations that may be issued pursuant to the Master Indenture (collectively, the "Parity Obligations"). See "ESTIMATED ANNUAL DEBT SERVICE REQUIRMENTS" herein and [Add Cross Reference] in Appendix A hereto.

Pledge of Gross Revenues. In order to secure the payment of the principal of, premium, if any, and interest on Obligation No. 4 and other Obligations issued under the Master Indenture, the Members of the Obligated Group have pledged, assigned, confirmed and granted a security interest unto the Master Trustee in the Gross Revenues of the Obligated Group. "Gross Revenues" means all revenues, income and money (other than proceeds of borrowing) received in any period by or on behalf of any Member of the Obligated Group, including, but without limiting the generality of the foregoing, (a) revenues derived from its operations, including Entrance Fees (as defined in the Master Indenture in Appendix C hereto), (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Obligations, (c) proceeds derived from (i) insurance, except to the extent required by the Master Indenture to be applied in a manner consistent with their use as Gross Revenues, (ii) Accounts (as hereinafter defined), (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or health care insurance, indemnity or reimbursement programs or agreements, and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by each Member of the Obligated Group, and (d) rentals received from the leasing of real or tangible personal property. See "SECURITY FOR THE BONDS – Security for Obligation No. 4" herein.

Debt Service Reserve Fund. As additional security for the Bonds, a debt service reserve fund (the "Debt Service Reserve Fund") will be established pursuant to the Bond Indenture and will be funded from the proceeds of the Bonds. The Debt Service Reserve Fund is required to be funded in an amount equal to $_________ (the "Debt Service Reserve Fund Requirement"). See "SECURITY FOR THE BONDS – Debt Service Reserve Fund." The Debt Service Reserve Fund only secures the Bonds and does not secure the Series 2010 Bonds or any other bonds or Obligations that may in the future be issued for the benefit of or by the Obligated Group or any other reserve. See also "Bond Indenture" in Appendix C hereto.

Assignment of Contract and Agreements. In order to secure the payment of the principal of, premium, if any, and interest on Obligation No. 4 and other Obligations issued under the Master Indenture, the Corporation will execute and deliver an Assignment of Contracts and Agreements dated as of October 1, 2020 (the "Assignment of Contract Documents") in favor of the Bond Trustee whereby the Corporation will collaterally assign its interests in certain design and contract documents relating to the Series 2020 Project. Each of the other parties to such agreements has consented to the assignment and agreed that upon an Event of Default under the Master Indenture, such agreements may be enforced by the Bond Trustee.

Certain Covenants of the Obligated Group

Long-Term Debt Service Coverage Ratio. Each Member of the Obligated Group has covenanted in the Master Indenture to set rates and collect charges for its Facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each December 31, based upon the Financial Statements, will not be less than 1.10; *provided*, *however*, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first full Fiscal Year commencing after the Fiscal Year in which substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of living units or health care beds, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account until the earlier to occur of (i) the first full Fiscal Year next succeeding the Fiscal Year in which the average occupancy of such living units or health care beds was forecasted to reach 90% or (ii) the first full Fiscal Year next succeeding the Fiscal Year in which occurs that date which is 18 months following the date upon which substantially all of such capital improvements are placed in service; in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence). For more information regarding the Obligated Group's historical Long-Term Debt Service Coverage Ratio, see Appendix A hereto.

In the event the Long-Term Debt Service Coverage Ratio, calculated at the end of any annual period is less than 1.10, a report shall be prepared by management of the Corporation and furnished to the Master Trustee within 30 days following the end of such period explaining in detail the reasons the Long-Term Debt Service Coverage Ratio was less than 1.10 and recommending corrective action. Further, during the period in which the Long-Term Debt Service Coverage Ratio is less than 1.10, the Obligated Group shall furnish to the Master Trustee, on a quarterly basis within 30 days following the end of each quarter, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such 12-month period then ended. In the event management of the Corporation prepares the required report and the Long-Term Debt Service Coverage Ratio is not 1.10 or greater within the fourth quarterly period after the end of the period in which such coverage ratio required such report, the Obligated Group shall retain a Management Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.10 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount; such report of a Management Consultant shall be delivered to the Master Trustee within 30 days after the end of such period. In the event the Obligated Group fails to make a selection and give notice of such selection of a Management Consultant to the Master Trustee within 30 days after it shall have been required to do so, the Master Trustee may, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Obligations select, on behalf of the Obligated Group, a Management Consultant, the costs of which shall be paid by the Obligated Group, to make the recommendations described above. The Obligated Group agrees that it will, to the extent permitted by law and consistent with the status of any Member of the Obligated Group as a Tax-Exempt Organization, follow any recommendations of the Management Consultant. Notwithstanding the foregoing, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body (as defined in the Master Indenture) of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Notwithstanding any other provisions of the Master Indenture, if the Members of the Obligated Group shall revise such fees, rentals, rates and other charges in conformity with the recommendations of the Management Consultant and otherwise follow the recommendations of the Management Consultant, then the failure of the Obligated Group to maintain the Long-Term Debt Service Coverage Ratio required as described above shall not be deemed to constitute an Event of Default under the Master Indenture; provided, however, that failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.00 for a Fiscal Year may be declared to be an Event of Default but only if the amount of Days' Cash on Hand of the Obligated Group as of the last day of such Fiscal Year is less than 250. However, if as of the next succeeding December 31, the Long-Term Debt Service Coverage Ratio is less than 1.00, regardless of the amount of Days' Cash on Hand of the Obligated Group, an Event of Default may be declared by the Master Trustee.

Days Cash on Hand. The Obligated Group has covenanted that it shall maintain at least 100 Days' Cash on Hand (the "Liquidity Covenant"). Compliance with the Liquidity Covenant shall be tested each December 31 based on audited financial statements. If the Liquidity Covenant is not met for any calculation date, management of the Corporation shall prepare a report to be delivered to the Master Trustee within 30 days following such calendar date explaining in detail the reasons for failing to meet the Days' Cash on Hand and recommending corrective action. If the Liquidity Covenant is not met in the next annual period after the delivery of such report, a report of a Consultant will be required recommending actions to be implemented by the Obligated Group which recommendations will be adopted. For more information regarding the Obligated Group's historical Days' Cash on Hand, see Appendix A hereto.

The failure to comply with the Liquidity Covenant will not constitute a Default or Event of Default under the Master Indenture, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in the Master Indenture in preparing and implementing a report and plan for correcting such a failure; provided that failure to provide a Consultant's report as described above or to implement its recommendations shall constitute an Event of Default under the Master Indenture. However, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing

Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Financial Statements

The audited financial statements of the Corporation as of December 31, 2019, included in this Official Statement in Appendix B hereto, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. See "FINANCIAL STATEMENTS" herein.

Financial Reporting and Disclosure

Financial Reporting. The Master Indenture requires that the Obligated Group Representative provide to each Required Information Recipient certain financial information on a quarterly and annual basis. For a description of the financial information required to be provided, see "FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Financial Reporting" herein.

Continuing Disclosure. The Corporation, however, has agreed to make certain financial information and operating data available to holders of the Bonds as described under "FINANCIAL REPORTING AND CONTINUING DISCLOSURE – Financial Reporting" herein and "FORM OF CONTINUING DISCLOSURE CERTIFICATE" in Appendix D hereto. The Corporation is solely responsible for providing such disclosure, and the Issuer shall have no responsibility or liability to the holders of the Bonds or any other person for the making, monitoring or content of such disclosures.

Risk Factors

An investment in the Bonds involves a certain degree of risk including those risks set forth under the heading "BONDHOLDERS' RISKS" herein. A prospective bondholder is advised to read "SECURITY FOR THE BONDS" and "BONDHOLDERS' RISKS" for a discussion of certain risk factors which should be considered in connection with an investment in the Bonds. Careful consideration should be given to these risks and other risks described elsewhere in this Official Statement. Among other things, careful evaluation should be made of certain factors (including, but not limited to, the ability of the Corporation to attract residents and enter into residency agreements and manage the Community in a manner that maintains high occupancy levels) that may adversely affect the ability of the Corporation or any future obligor to generate sufficient revenues to pay expenses of operation, including the principal of, premium, if any, and interest on the Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued by the Issuer and accepted by Herbert J. Sims & Co., Inc., subject to prior sale and to withdrawal or modification of the offer without notice. The Bonds in definitive form are expected to be delivered to the Bond Trustee on behalf of The Depository Trust Company ("DTC") under the DTC FAST system of registration on or about October __, 2020.

Professionals Involved in Offering

Bryant Miller Olive P.A., Tampa, Florida, serves as bond counsel. Certain legal matters will be passed upon for the Issuer by the City Attorney; for the Corporation by its counsel, Gray Robinson LLP, Tampa, Florida; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia. Hamlin Capital Advisors, LLC, Tampa, Florida, is serving as Financial Advisor to the Corporation.

The Principal Documents

THE DESCRIPTIONS AND VARIOUS DOCUMENTS SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING APPENDIX C, DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE; AND REFERENCE IS MADE TO EACH DOCUMENT FOR COMPLETE DETAILS OF ALL TERMS AND CONDITIONS. ALL STATEMENTS HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY THE TERMS OF

EACH SUCH DOCUMENT. DURING THE PERIOD OF THE OFFERING, COPIES OF DRAFTS OF THE BONDS, THE BOND INDENTURE, THE LOAN AGREEMENT, OBLIGATION NO. 4, THE MASTER INDENTURE, THE MORTGAGE AND THE CONTINUING DISCLOSURE CERTIFICATE ARE AVAILABLE FROM THE UNDERWRITER; AND FOLLOWING DELIVERY OF THE BONDS, COPIES OF THE EXECUTED ORIGINALS THEREOF MAY BE EXAMINED AT THE DESIGNATED CORPORATE TRUST OFFICE OF THE BOND TRUSTEE.

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OFFICIAL STATEMENT
relating to

$_____________[*]
CITY OF POMPANO BEACH, FLORIDA
REVENUE AND REVENUE REFUNDING BONDS
(JOHN KNOX VILLAGE PROJECT), SERIES 2020

INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page, inside cover page and Appendices hereto, is provided to furnish information with respect to the issuance, sale and delivery by the City of Pompano Beach, Florida (the "Issuer") of $_____________[*] in aggregate principal amount of its Revenue and Revenue Refunding Bonds (John Knox Village Project), Series 2020 (the "Bonds").

The Bonds are being issued pursuant to the provisions of the Florida Constitution, the Charter of the Issuer, Chapter 166, Florida Statutes, as amended, and other applicable provisions of law (collectively, the "Act"), and Chapter 159, Part II, Florida Statutes, as amended (the "Financing Act") and in conformity with the provisions, restrictions and limitations thereof and pursuant to the Bond Indenture to be dated as of October 1, 2020 (the "Bond Indenture"), between the Issuer and U.S. Bank National Association, as bond trustee (the "Bond Trustee").

See Appendix C hereto for definitions assigned to certain capitalized terms used, but not defined, herein. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to each document.

Purpose of the Bonds

The proceeds of the Bonds will be lent to John Knox Village of Florida, Inc. (the "Corporation" and "Obligated Group Representative") pursuant to a Loan Agreement to be dated as of October 1, 2020, between the Issuer and the Corporation (the "Loan Agreement") and will be used, together with other available moneys described herein, for the purposes of (i) refunding the Issuer's Health Facilities Revenue Refunding Bonds (John Knox Village of Florida, Inc. Project), Series 2010 (the "2010 Bonds") that are outstanding as of the date of issuance of the Bonds and refinancing certain previous draws on a line of credit of the Corporation has outstanding that was issued by Northern Trust Company (the "Line"), the proceeds of which 2010 Bonds and Line financed and refinanced various capital improvements to the Facilities; (ii) financing, or reimbursing the Corporation for, the cost of certain capital improvements for or to the Facilities (as defined herein), including, without limitation, a new community pavilion and related amenities, dining facilities and other improvements (collectively, the "2020 Project"); (iii) funding a debt service reserve fund and capitalized interest, and (iv) paying costs associated with the issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Risk Factors

An investment in the Bonds involves a significant degree of risk. Certain risks are inherent in the successful operation of the Community on a basis such that sufficient cash will be available to pay interest on and to retire indebtedness. See "RISK FACTORS" below for a discussion of certain of these risks. A prospective bondholder is advised to read the entire Official Statement, including the appendices hereto, before making an investment decision

[*] Preliminary, subject to change

to purchase Bonds. Reference is made to "SECURITY FOR THE BONDS" and "RISK FACTORS" herein for a discussion of certain risk factors which should be considered in connection with an investment in the Bonds.

THE ISSUER

General

The Issuer is a duly created and validly existing municipal corporation of the State with the powers, among others, set forth in the Act and a "local agency" within the meaning of the Financing Act. The Issuer was incorporated in 1947 and operates under its own charter with a city manager-commission form of government.

Limitation of Liability

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF PLEDGED REVENUES AND FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE BONDS AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE, THE ISSUER OR ANY POLITICAL SUBDIVISION OF THE STATE. NEITHER THE STATE, THE ISSUER NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BONDS, OTHER THAN FROM PLEDGED REVENUES, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER OR OF ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS.

Disclosure Required by Section 517.051, Florida Statutes

Section 517.051, Florida Statutes, as amended, provides for the exemption from registration of certain governmental securities, provided that if an issuer or guarantor of governmental securities has been in default at any time after December 31, 1975 as to principal and interest on any obligation, its securities may not be offered or sold in the State pursuant to the exemption except by means of an offering circular containing full and fair disclosure, as prescribed by rules of the Florida Department of Banking and Finance (the "Department"). Under the rules of the Department, the prescribed disclosure is not required if the information would not be considered material by a reasonable investor.

The Issuer has the power to issue, and has issued, bonds for the purpose of financing projects for the benefit of the Members of the Obligated Group and other conduit borrowers. Bonds issued by the Issuer for parties other than the Members of the Obligated Group may have been, or may be, in default as to principal and interest. However, disclosure with respect to any default on such bonds is not deemed appropriate or material with respect to the Bonds because the source of payment for such defaulted bonds, if any, is separate and distinct from the source of payment for the Bonds.

To the best knowledge of the Issuer, the Issuer is not and has not been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued by the Issuer for the benefit of any Member of the Obligated Group. The Obligated Group has represented to the Issuer that no Member of the Obligated Group has been in default at any time after December 31, 1975 as to principal or interest with respect to any obligation issued or guaranteed by any Member of the Obligated Group.

Although the Issuer has consented to the use of this Official Statement in connection with the offering and sale of the Bonds, the Issuer has not participated in the preparation of the Official Statement. The Issuer makes no representation and assumes no responsibility as to the accuracy, adequacy or completeness of the information in this Official Statement other than with respect to the accuracy of the information relating to the Issuer under the captions "THE ISSUER" and "LITIGATION - Issuer" herein. The Issuer has relied upon representations of the Corporation and the advice of Bond Counsel, without independent investigation, as to various matters in executing and delivering the Bonds, the Bond Indenture, the Loan Agreement and various other documents and instruments in connection therewith. The Issuer is not responsible for providing any purchaser of the Bonds with any information relating to any of the parties or transactions referred to in this Official Statement or for the accuracy or completeness of such information obtained by any purchaser of the Bonds.

THE OBLIGATED GROUP

The Corporation was incorporated in 1978 as a Florida not-for-profit corporation organized for the purpose of providing housing, health care and other related services to the senior population. The Corporation is the sole member of the Obligated Group. The Corporation has received a determination from the Internal Revenue Service (the "IRS") of its status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and exempt from federal income taxation under Section 501(a) of the Code. The Corporation is subject to Chapter 651, Florida Statutes. The Corporation owns and operates the Community which is located on approximately 65 acres in Pompano Beach, Florida. See Appendix A hereto for more information about the Corporation and the Community.

PLAN OF FINANCE

General

The Corporation will use the proceeds of the Bonds, together with certain other moneys, for the purposes of (i) refunding the 2010 Bonds that are outstanding as of the date of issuance of the Bonds and refinancing the Line, the proceeds of which 2010 Bonds and Line financed and refinanced various capital improvements to the Facilities; (ii) financing, or reimbursing the Corporation for, the cost of the 2020 Project); (iii) funding a debt service reserve fund and capitalized interest, and (iv) paying costs associated with the issuance of the Bonds.

The 2020 Project

General. The 2020 Project includes certain capital improvements for or to the Community, including, without limitation, a new community pavilion and related amenities, dining facilities and other improvements. [Add additional detail upon receipt of Appendix A].

General Contractor. [Add Information and reference Appendix A]

Architect. [Add Information and reference Appendix A]

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Bonds are as follows:

SOURCES OF FUNDS	
Par Amount	$
Net Original Issue Premium	
Debt Service Reserve Fund held for 2010 Bonds	
Total	$
USES OF FUNDS	
Fund the 2020 Project	$
Refund the 2010 Bonds	
Capitalized Interest	
Debt Service Reserve Fund	
Repay the Prior Draws on the Line	
Costs of Issuance*	
Total	$

*The Corporation estimates that bond issuance costs would approximate this amount and would include legal fees, accounting fees, Underwriter's discount, and other costs associated with the issuance of the Bonds.

ESTIMATED ANNUAL DEBT SERVICE REQUIREMENTS

Following are the principal, mandatory redemption, and interest payment requirements with respect to the Bonds and the Series 2015 Bonds for each year ending December 31.

Period Ending December 31	The Bonds			Series 2015 Bonds	Total
	Principal	Interest	Subtotal		
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
TOTAL					

THE BONDS

Specific information about the Bonds is contained below. Information about security for the Bonds is contained in "SECURITY FOR THE BONDS."

General

The Bonds are dated as of the date of their initial delivery and mature as set forth on the inside cover of this Official Statement, subject to optional and mandatory redemption and purchase in lieu of redemption prior to maturity as described below. The Bonds are issuable only in registered form without coupons in denominations of $5,000 and integral multiples thereof. The Record Dates for the Bonds will be (i) the fifteenth (15th) day (whether or not a Business Day) next preceding each interest payment date for such interest period, and (ii) the date established by the Bond Trustee pursuant to the Bond Indenture for the payment of defaulted interest on the Bonds.

The Bonds initially shall be maintained under a book-entry system; Beneficial Owners shall have no right to receive physical possession of the Bonds and payments of the principal or Redemption Price of and interest on the Bonds will be made as described below under "Book-Entry Only System." If the book-entry system is discontinued, interest on the Bonds will be payable by check mailed by the Bond Trustee to the persons in whose names the Bonds are registered as of the Record Date for the payment of such interest at the address shown on the registration books maintained by the Registrar, and the principal, Purchase Price or Redemption Price of the Bonds will be payable only upon presentation and surrender of such Bonds at the designated office of the Bond Trustee.

Interest

The Bonds will bear interest at the rates set forth on the inside cover of this Official Statement. Interest is payable on each [September 1 and March 1, commencing on September 1, 2020], and upon earlier redemption.

Redemption

Optional Redemption of Bonds. Bonds maturing on or after September 1, ____ are subject to redemption prior to maturity beginning on September 1, _____, upon the direction of the Corporation, in whole or in part at any time, at the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on September 1, __________ and bearing interest at _____% are subject to mandatory sinking fund redemption on September 1 of the following years and in the following amounts at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption:

Bonds Maturing September 1, ________ and bearing interest at ________%

Year	Sinking Fund Installment
	$
*	

*Final maturity.

Extraordinary Redemption of Bonds. The Bonds may be redeemed in whole or in part at the option and written direction of the Corporation, at any time, at par plus accrued interest, from proceeds of insurance or condemnation awards resulting from damage or destruction or condemnation of the Facilities (as defined in the Master Indenture), or from prepayments under the Loan Agreement which permits prepayment thereunder, as a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by other governmental action, the Loan Agreement shall have become void or unenforceable or performance thereunder shall have become impossible in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Obligated Group or their property.

Purchase in Lieu of Redemption

The Bond Indenture provides that any Bonds subject to optional redemption and cancellation shall also be subject to optional call for purchase and resale by the Corporation (i.e., a so-called purchase in lieu of redemption) at the same times and at the same Redemption Prices as are applicable to the optional redemption of such Bonds as provided above. Any Bonds so purchased by the Corporation may, as directed by the Corporation, be cancelled or held Outstanding by the Corporation. Any references in this paragraph to Redemption Price shall be deemed to refer to the purchase price of such Bonds if such Bonds are being purchased by the Corporation in accordance with the Bond Indenture.

Selection of Bonds to Be Redeemed

In the event of any redemption of less than all Outstanding Bonds, any maturity or maturities and amounts within maturities of the Bonds to be redeemed shall be selected by the Bond Trustee at the direction of the Corporation. If less than all of the Bonds of the same maturity are to be redeemed upon any redemption of Bonds hereunder, DTC or any successor depository shall select the Bonds to be redeemed in accordance with its procedures or, if the book-entry system is discontinued, the Bond Trustee shall select the Bonds to be redeemed in such manner as may be directed by the Corporation. In making such selection, the Bond Trustee shall treat each Bond as representing that number of Bonds of the lowest authorized denomination as is obtained by dividing the principal amount of such Bond by such denomination.

Notice of Redemption

The Bond Trustee shall mail a notice of the redemption of any Bonds not less than 30 days nor more than 45 days prior to the date set for redemption to the holders of the Bonds or portions of Bonds to be redeemed, but failure to so mail any such notice or any defect in such mailing with respect to any Bond will not affect the validity of any proceedings for the redemption of any other Bond with respect to which notice was so mailed or with respect to which no such defect occurred, respectively.

Each such notice shall set forth the date fixed for redemption, official name of the issue, date of notice, date of issue, dated date, the Redemption Price to be paid and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP identification numbers, if any, and certificate numbers of such Bonds to be redeemed, the maturity date and interest rates of such Bonds to be redeemed, the name of the paying agent with address, telephone number, contact person and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Failure to give notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other Bonds. Any notice of optional redemption may indicate that it is conditional or that it may be rescinded by the Corporation.

Sixty days after the redemption date, the Bond Trustee shall also mail a second copy of the notice of redemption to any Bondholder who has not presented his Bonds for payment on or before such date, by the same means as the first notice. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given upon mailing, whether or not the Owner of such Bonds receives the notice.

SECURITY FOR THE BONDS

Security for the Bonds

The principal of, premium, if any, and interest on the Bonds will be payable from moneys paid by the Corporation pursuant to the Loan Agreement and Obligation No. 4. Obligation No. 4 is a joint and several general obligation of the Obligated Group. As holder of Obligation No. 4, the Bond Trustee will have (a) right, title and interest in and to Obligation No. 4, (b) rights under the Master Indenture as the owner of Obligation No. 4, and (c) right, title and interest in and to the Loan Agreement, including the right to receive Obligation No. 4 payments thereunder (except for certain reserved rights of the Issuer, including its rights to indemnification payments and the payment of certain expenses, its rights to give certain approvals and consents and its rights to receive certain documents, information and notices), as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will further be secured by the moneys and securities held by the Bond Trustee in certain funds and accounts created under the Bond Indenture.

Limited Obligations of the Issuer

The Bonds are limited obligation of the Issuer and do not constitute a debt, liability, or obligation of the State of Florida (the "State"), or any political subdivision thereof, or a charge against the general credit of the Issuer or the State or the taxing powers of the State, or any political subdivision thereof. The Issuer shall not be obligated to pay the principal or, premium, if any, or interest on the Bonds except from the income, revenues, and receipts derived or to be derived from the Pledged Revenues. The issuance of the Bonds shall not directly or indirectly or contingently obligate the Issuer, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

Security for Obligation No. 4

Pursuant to the Master Indenture, the Obligated Group has granted to the Master Trustee a security interest in its Gross Revenues as security for the payment of amounts due on any Obligations issued under the Master Indenture, including Obligation No. 4. Gross Revenues means all revenues, income, and money (other than proceeds of borrowing) received in any period by or on behalf of any Member of the Obligated Group, including, but without limiting the generality of the foregoing, (a) revenues derived from its operations, including Entrance Fees, (b) gifts, grants, bequests, donations and contributions and the income therefrom, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Obligations, (c) proceeds derived from (i) insurance, except to the extent required by the Master Indenture to be applied in a manner inconsistent with their use as Gross Revenues, (ii) Accounts, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or health care insurance, indemnity or reimbursement programs or agreements, and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by each Member of the Obligated Group, and (d) rentals received from the leasing of real or tangible personal property.

The lien on Gross Revenues securing the Bonds will be on a parity with the lien on Gross Revenues securing the Parity Obligations (as defined herein). See "Parity Obligations" below.

The security interest in the Gross Revenues will be perfected to the extent, and only to the extent, that such security interest may be perfected by filing a financing statement under the Uniform Commercial Code. Continuation statements with respect to such filing must be filed as required by law to continue the perfection of such security interest. The security interest in the Gross Revenues is subject to Permitted Liens that exist prior to or that may be created subsequent to the time the security interest in the Gross Revenues attaches and is subject to the right of the Members of the Obligated Group to transfer Gross Revenues free of the security interest created in the Gross Revenues under certain circumstances as set forth in the Master Indenture.

If an Event of Default under the Master Indenture shall have occurred and be continuing, the Master Trustee may require that each Member of the Obligated Group deliver all Gross Revenues to it. Each Member of the Obligated Group has covenanted in the Master Indenture that, if an Event of Default under the Master Indenture shall have occurred and be continuing, it will, immediately upon receipt of a written request from the Master Trustee, deliver to or direct to be delivered to the Master Trustee all Gross Revenues thereafter received until such Event of Default has been cured, such Gross Revenues to be applied in accordance with the Master Indenture.

Pursuant to the Mortgage, as security for the payment of amounts due on all Obligations issued under the Master Indenture, including Obligation No. 4, the Obligated Group has granted to the Master Trustee a lien on the Mortgaged Property. In connection with the execution and delivery of the original mortgage in 2002, which was amended and restated in its entirety by the Mortgage, there was delivered to the Master Trustee a mortgagee title insurance policy which insured title to the Mortgaged Property in an amount equal to $35 million. The policy was endorsed by the title insurance company on October 31, 2014 in connection with the recording of the amendment and restatement of the Mortgage. The $35 million in mortgagee title insurance is the only title insurance policy held by the Master Trustee. No additional mortgagee title insurance policy will be delivered in connection with the issuance of Obligation No. 4 and the Bonds. See “RISK FACTORS – Title Insurance” herein.

Parity Obligations

Obligation No. 4 will be secured equally and ratably on parity with (1) Obligation No. 2, which was issued to secure the Corporation’s payment obligations relating to the Series 2015 Bonds, (2) Obligation No. 3 which was issued to secure the Corporation’s payment obligations with respect to the Line and (3) any additional Obligations that may be issued pursuant to the Master Indenture (collectively, the “Parity Obligations”). See “ESTIMATED ANNUAL DEBT SERVICE REQUIRMENTS” herein and [Add Cross Reference] in Appendix A hereto.

Debt Service Reserve Fund

As additional security for the Bonds, the Debt Service Reserve Fund will be established pursuant to the Bond Indenture and will be funded from the proceeds of the Bonds. The Debt Service Reserve Fund is required to be funded in an amount equal to $1_____________. The Debt Service Reserve Fund only secures the Bonds and does not secure the Series 2010 Bonds or any other bonds or Obligations that may in the future be issued for the benefit of or by the Obligated Group or any other reserve. See also “Bond Indenture” in Appendix C hereto.

Bondholders Deemed to Consent to Amendments to Master Indenture

In connection with the issuance of the Bonds, certain provisions of the Master Indenture will be amended, including [add]. By their ownership interests in the Bonds, the Bondholders will be deemed to have consented to the amendments to the Master Indenture by their purchase of the Bonds. See “FORMS OF PRINCIPAL FINANCING DOCUMENTS – ____________” in Appendix D hereto.

Covenants; Additional Indebtedness

The Members of the Obligated Group will be subject to covenants contained in the Master Indenture and the Loan Agreement relating to maintenance of a Long-Term Debt Service Coverage Ratio, a Days’ Cash on Hand requirement, and restricting, among other things, incurrence of Indebtedness, existence of Liens on Property, consolidation and merger, disposition of assets, addition of Members to the Obligated Group, and withdrawal of Members from the Obligated Group. See also “Master Indenture” in Appendix C hereto.

THE MASTER INDENTURE PERMITS EACH MEMBER OF THE OBLIGATED GROUP TO ISSUE OR INCUR ADDITIONAL INDEBTEDNESS EVIDENCED BY OBLIGATIONS THAT WILL SHARE THE SECURITY ON A PARITY WITH THE PARITY OBLIGATIONS. SUCH ADDITIONAL OBLIGATIONS WILL NOT BE SECURED BY THE MONEY OR INVESTMENTS IN ANY FUND OR ACCOUNT HELD BY THE BOND TRUSTEE UNDER THE BOND INDENTURE AS SECURITY FOR THE BONDS.

Long-Term Debt Service Coverage Ratio Covenant

Each Member of the Obligated Group has covenanted in the Master Indenture to set rates and collect charges for its Facilities, services and products such that the Long-Term Debt Service Coverage Ratio, calculated at the end of each December 31, based upon the Financial Statements, will not be less than 1.10; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first full Fiscal Year commencing after the Fiscal Year in which substantially all of such capital improvements are placed in service (except that with respect to capital improvements consisting, in whole or in part, of living units or health care beds, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account until the earlier to occur of (i) the first full Fiscal Year next succeeding the Fiscal Year in which the average occupancy of such living units or health care beds was forecasted to reach 90% or (ii) the first full Fiscal Year next succeeding the Fiscal Year in which occurs that date which is 18 months following the date upon which substantially all of such capital improvements are placed in service; in either case, the Obligated Group agrees that it will notify the Master Trustee of such event within 10 days following its occurrence). For more information regarding the Obligated Group's historical Long-Term Debt Service Coverage Ratio, see Appendix A hereto.

In the event the Long-Term Debt Service Coverage Ratio, calculated at the end of any annual period is less than 1.10, a report shall be prepared by management of the Corporation and furnished to the Master Trustee within 30 days following the end of such period explaining in detail the reasons the Long-Term Debt Service Coverage Ratio was less than 1.10 and recommending corrective action. Further, during the period in which the Long-Term Debt Service Coverage Ratio is less than 1.10, the Obligated Group shall furnish to the Master Trustee, on a quarterly basis within 30 days following the end of each quarter, an Officer's Certificate stating the Long-Term Debt Service Coverage Ratio for such 12-month period then ended. In the event management of the Corporation prepares the required report and the Long-Term Debt Service Coverage Ratio is not 1.10 or greater within the fourth quarterly period after the end of the period in which such coverage ratio required such report, the Obligated Group shall retain a Management Consultant to analyze the reasons for the failure to achieve a Long-Term Debt Service Coverage Ratio of 1.10 and to make recommendations to increase the Long-Term Debt Service Coverage Ratio for the following Fiscal Year to such amount; such report of a Management Consultant shall be delivered to the Master Trustee within 30 days after the end of such period. In the event the Obligated Group fails to make a selection and give notice of such selection of a Management Consultant to the Master Trustee within 30 days after it shall have been required to do so, the Master Trustee may, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Obligations select, on behalf of the Obligated Group, a Management Consultant, the costs of which shall be paid by the Obligated Group, to make the recommendations described above. The Obligated Group agrees that it will, to the extent permitted by law and consistent with the status of any Member of the Obligated Group as a Tax-Exempt Organization, follow any recommendations of the Management Consultant. Notwithstanding the foregoing, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body (as defined in the Master Indenture) of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Notwithstanding any other provisions of the Master Indenture, if the Members of the Obligated Group shall revise such fees, rentals, rates and other charges in conformity with the recommendations of the Management Consultant and otherwise follow the recommendations of the Management Consultant, then the failure of the Obligated Group to maintain the Long-Term Debt Service Coverage Ratio required as described above shall not be deemed to constitute an Event of Default under the Master Indenture; provided, however, that failure to maintain a Long-Term Debt Service Coverage Ratio of at least 1.00 for a Fiscal Year may be declared to be an Event of Default but only if the amount of Days' Cash on Hand of the Obligated Group as of the last day of such Fiscal Year is less than 120. However, if as of the next succeeding December 31, the Long-Term Debt Service Coverage Ratio is less than 1.00, regardless of the amount of Days' Cash on Hand of the Obligated Group, an Event of Default may be declared by the Master Trustee.

Days' Cash on Hand Covenant

The Obligated Group has covenanted that it shall maintain at least 100 Days' Cash on Hand (the "Liquidity Covenant"). Compliance with the Liquidity Covenant shall be tested each December 31 based on audited financial statements. If the Liquidity Covenant is not met for any calculation date, management of the Corporation shall prepare a report to be delivered to the Master Trustee within 30 days following such calendar date explaining in detail the reasons for failing to meet the Days' Cash on Hand and recommending corrective action. If the Liquidity Covenant is not met in the next annual period after the delivery of such report, a report of a Consultant will be required recommending actions to be implemented by the Obligated Group which recommendations will be adopted. For more information regarding the Obligated Group's historical Days' Cash on Hand see Appendix A hereto.

The failure to comply with the Liquidity Covenant will not constitute a Default or Event of Default under the Master Indenture, so long as the Obligated Group takes all action within its control to comply with the procedures set forth in the Master Indenture in preparing and implementing a report and plan for correcting such a failure; provided that failure to provide a Consultant's report as described above or to implement its recommendations shall constitute an Event of Default under the Master Indenture. However, the Obligated Group may elect not to comply with any one or more of such recommendations if the Obligated Group submits to the Master Trustee a written report substantiating its determination not to comply with such recommendations, together with a resolution of the Governing Body of the Corporation determining that noncompliance with such recommendations is in the best interest of the Obligated Group.

Limitations on Incurrence of Indebtedness

In the Master Indenture, each Member of the Obligated Group covenants and agrees that it will not incur any Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred pursuant to the provisions of the Master Indenture. See "The Master Indenture" in Appendix C hereto.

Certain Amendments to Bond Indenture and Master Indenture After an Event of Default

If an Event of Default under the Bond Indenture occurs, there may be an amendment made to the Bond Indenture that (i) extends the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond, (ii) prefers or gives a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority or (iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Bonds then Outstanding with the consent of the holders of at least 80% in aggregate principal amount of all Outstanding Bonds with respect to which such amendment is made; provided, however, any such amendment shall not result in a preference or priority of any Bond over any other Bond and no such amendment described in clauses (i) through (iii) shall result in a disproportionate change, reduction or modification with respect to any Bond.

If an Event of Default under the Master Indenture occurs, there may be a supplement to the Master Indenture which would (i) effect a change in the times, amounts or currency of payment of the principal of, redemption premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation, (ii) permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding. [Need to add the following to MTI] The Master Indenture provides that during any period of time in which an Event of Default has occurred and is continuing, a supplement of the type described in clauses (i) through (iii) above may be made, with the consent of the Holders of at least eighty percent (80%) in aggregate principal amount of all Outstanding Related Bonds related to such Obligation; provided however, any such amendment shall not result in a preference of priority of any Obligation or Related Bonds over any other Obligation or Related Bonds (other than Subordinated Indebtedness and subordinated Related Bonds) and no such supplement described in (i) through (iii) above shall result in a disproportionate change, reduction or modification with respect to any Related Bonds.

See "CERTAIN BONDHOLDERS' RISKS – Certain Amendments to Bond Indenture and Master Indenture."

Insurance Requirements

[move this to Appendix A in next draft] The Master Indenture requires each Member of the Obligated Group to maintain the following types of insurance (including one or more self-insurance programs) as, in its judgment, are adequate to protect it and its Facility Property and Equipment and operations: (i) Builder's risk insurance during the construction of any project costing more than $500,000, (ii) comprehensive general public liability insurance, including blanket contractual liability and automobile insurance including owned or hired automobiles (excluding collision and comprehensive coverage thereon), (iii) fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard coverage and vandalism, and malicious mischief endorsements and business interruption insurance (termination of such coverage to be subject to 30 days' advance notice thereof provided by the insurer to the Master Trustee), (iv) professional liability insurance, (v) workers' compensation insurance, (vi) fidelity insurance covering employees with access to revenues and receipts, and (vii) boiler and machinery insurance on a replacement cost basis.

By August 1 of each year the Obligated Group is required to provide to the Master Trustee a report of an Insurance Consultant as to whether the amounts of coverage for the insurance described in clauses (ii), (iii), (iv), (v), (vi) and (vii) above are appropriate to the risks to which the Obligated Group is subject when balanced against the cost of obtaining insurance coverage therefor.

Investor Calls

Upon any downgrade by a Rating Agency of the Corporation's rating on the Related Bonds to a rating of below BBB+, the Obligated Group shall use its best efforts to make available one or more representatives for semi-annual investor calls with the holders of Related Bonds and the Master Trustee during any period during which the rating is below BBB+. The investor call shall be held to discuss the financial results of the preceding period and such other matters as are relevant or are reasonably requested by the holders of Related Bonds and the Master Trustee. The Obligated Group shall post notice of such calls on the EMMA web-site at least two weeks prior to the scheduled date of each call and shall provide such notice to the Master Trustee. [Hamlin wants a lower provision]

Assignment of Contract and Agreements

In order to secure the payment of the principal of, premium, if any, and interest on Obligation No. 4 and other Obligations issued under the Master Indenture, the Corporation will execute and deliver an Assignment of Contracts and Agreements dated as of October 1, 2020 (the "Assignment of Contract Documents") in favor of the Bond Trustee whereby the Corporation will collaterally assign its interests in certain design and contract documents relating to the Series 2020 Project. Each of the other parties to such agreements has consented to the assignment and agreed that upon an Event of Default under the Master Indenture, such agreements may be enforced by the Master Trustee.

[Assignment of Residency Agreements]

[To be added]

RISK FACTORS

General Risk Factors

The Bonds are special and limited obligations of the Issuer, payable solely from and secured exclusively by the funds pledged thereto, including the payments to be made by the Obligated Group under the Master Indenture.

An investment in the Bonds involves various risks as described in this Official Statement. Each prospective investor should carefully examine this Official Statement and his or her own financial condition in order to make a judgment as to whether the Bonds are an appropriate investment. **A BONDOWNER IS ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND REFERENCE IS MADE TO THE SECTION "SECURITY FOR THE BONDS" AND THIS SECTION FOR A DISCUSSION OF CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.**

As described herein under the caption "SECURITY FOR THE BONDS," except to the extent that the principal of, premium, if any, and interest on the Bonds may be payable from the proceeds thereof or investment income thereon or, under certain circumstances, proceeds of insurance, sale or condemnation awards or net amounts by recourse to the Mortgaged Property, such principal, premium and interest will be payable solely from amounts paid by the Obligated Group under the Loan Agreement or by the Obligated Group under the Master Indenture, including Obligation No. 4.

No representation or assurance is given or can be made that revenues will be realized by the Obligated Group (which in the context of this discussion of risk factors, should be understood to include the Corporation and future Members of the Obligated Group, if any) sufficient to ensure the payment of the principal of and interest on the Bonds in the amounts and at the times required to pay debt service on the Bonds when due. Neither the Underwriter nor the Issuer has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Obligated Group. The ability of the Obligated Group to generate sufficient revenues may be impacted by a number of factors. Some, but not necessarily all of these risk factors are discussed in this section below; these risk factors should be considered by investors considering any purchase of the Bonds. Neither the Underwriter nor the Issuer has made any independent investigation of the extent to which any such factors may have an adverse effect on the revenues of the Obligated Group.

Limited Obligations

The Bonds are limited obligation of the Issuer and do not constitute a debt, liability, or obligation of the State of Florida (the "State"), or any political subdivision thereof, or a charge against the general credit of the Issuer or the State or the taxing powers of the State, or any political subdivision thereof. The Issuer shall not be obligated to pay the principal or, premium, if any, or interest on the Bonds except from the income, revenues, and receipts derived or to be derived from the Pledged Revenues. The issuance of the Bonds shall not directly or indirectly or contingently obligate the Issuer, the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds have three prinicpal sources of payment, as follows:

(1) ***Loan payments received by the Bond Trustee from the Corporation pursuant to the terms of the Loan Agreement and the Obligated Group pursuant to Obligation No. 4***. The Issuer has no obligation to pay the Bonds except from loan payments derived from the Loan Agreement and from the Obligated Group pursuant to Obligation No. 4. The Bonds, together with interest and premium, if any, thereon, will be limited obligations of the Issuer as described in this Official Statement. Under the Loan Agreement, which the Issuer has assigned to the Bond Trustee, the Obligated Group will be required to make loan payments to the Bond Trustee in amounts sufficient to enable the Bond Trustee to pay the principal of, premium, if any, and interest on the Bonds. Such loan payments are, however, anticipated to be derived solely from operation of the facilities of the Obligated Group and investment earnings. Profitable operation of the facilities of the Obligated Group depend in large part on achieving and maintaining certain occupancy levels throughout the term of the Bonds. However, no assurance can be made that the revenues derived from the operation of the Community will be realized by the Obligated Group in the amounts necessary, after payment of operating expenses of the facilities of the Obligated Group, to pay maturing principal of, premium, if any, and interest on the Bonds.

(2) Revenues received from operation of the facilities of the Obligated Group by a receiver upon a default under the Master Indenture or the Bond Indenture. Attempts to have a receiver appointed to take charge of properties pledged to secure loans are frequently met with defensive measures such as the initiation of protracted litigation and/or the initiation of bankruptcy proceedings, and such defensive measures can prevent the appointment of a receiver or greatly increase the expense and time involved in having a receiver appointed. It is therefore likely that prospects for uninterrupted payment of principal and interest on the Bonds in accordance with their terms are largely dependent upon the source described in (1) above, which is wholly dependent upon the success of the Obligated Group in operating the Community in a profitable manner.

(3) Proceeds realized from the sale or lease of the facilities of the Obligated Group to a third party by the Bond Trustee or Master Trustee. Attempts to sell or foreclose on commercial property or otherwise realize upon security for obligations may be met with defensive measures such as protracted litigation and/or bankruptcy proceedings, and that such defensive measures can greatly increase the expense and time involved in achieving such foreclosure or other realization. In addition, the Bond Trustee or Master Trustee could experience difficulty in selling or leasing any of the facilities of the Community upon foreclosure due to the special-purpose nature of a continuing care retirement facility and the proceeds of such sale may not be sufficient to fully pay the owners of the Bonds.

The best prospects for uninterrupted payment of principal and interest on the Bonds in accordance with their terms is the source described in (1) above, which is wholly dependent upon the success of the Obligated Group in operating its facilities in a profitable manner. Even if its facilities are operating profitably, other factors could affect the Obligated Group's ability to make loan payments under the Loan Agreement and Obligation No. 4.

Caution Regarding Forward-Looking Statements

When used in this Official Statement and in any continuing disclosure by the Corporation, in the Corporation's press releases and in oral statements made with the approval of an authorized executive officer of the

Corporation, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project” or similar expressions are intended to identify “forward looking statements.” Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. The Corporation cautions readers not to place undue reliance on any such forward-looking statements. The Corporation advises readers that certain factors could affect the financial performance of the Corporation and could cause the actual results of the Corporation for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

COVID-19

[update] 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 (the “State”). On March 9, 2020, the Governor of the State declared a state of emergency, on March 24, 2020, the Governor issued an executive order restricting public gatherings of 10 or more people and urging individuals to work remotely, and on May 1, 2020, the Governor issued an executive order limiting the movements of all persons in Florida and personal interactions outside of the home to only those necessary to obtain essential services or to conduct essential activities and ordering all senior citizens to stay at home and take all measures necessary to limit the risk of exposure to COVID-19. In June, Governor DeSantis ordered that all employees working in assisted living and skilled nursing areas be tested for COVID-19 every two weeks. The COVID-19 outbreak has affected and is expected to continue to affect for the foreseeable future, travel, commerce, businesses, and financial markets globally. The outbreak is a rapidly evolving situation that changes daily.

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, and on the State, national, and global economies. For example, an outbreak at the Community could result in a temporary shutdown or diversion of Residents, and/or could result in a lower census, including difficulty showing the common areas and units to prospective Residents.

In accordance with guidance from regulatory agencies and in order to take a proactive approach to maintain the safety and wellness of Residents, the Obligated Group is restricting visitation with Residents at the Community unless medically necessary. All who enter the Community are screened for travel history, physical symptoms of COVID-19, including temperature check, and exposure to known cases of coronavirus. The Obligated Group maintains compliance with the guidelines from the Centers for Disease Control and Prevention, Centers for Medicaid and Medicare Services, and the Florida Department of Health. The Obligated Group is presently providing limited dining service in its dining rooms and is providing limited resident activities, all of which are subject to change. The Obligated Group is presently providing financial assistance to employees who are required to quarantine or have tested positive for COVID-19.

The Community presently has _____ confirmed cases of coronavirus for its staff or residents. Existing Residents are strongly urged to stay in their apartments. Residents are not permitted to use the common areas at the Community. When staff enter Residents’ apartments, Residents must wear a mask and staff are masked and gowned. The Obligated Group continues to monitor the situation and to abide by federal and State guidelines. Given the nature of the virus, it cannot be predicted whether, and to what extent, residents or staff will test positive for COVID-19 in the upcoming days or weeks.

See “________” in Appendix A hereto.

Construction Risks

Construction of the 2020 Project is subject to the usual risks associated with construction projects including, but not limited to, delays in issuance of required building permits or other necessary approvals or permits, strikes, labor disputes, shortages of materials and/or labor, transportation delays, restrictions related to endangered species, adverse weather conditions, fire, casualties, acts of God, war, acts of public enemies, terrorism, orders of any kind of federal, state, county, city or local government, insurrections, riots, adverse conditions not reasonably anticipated or other causes beyond the control of the Corporation or its contractors. Such events could result in delayed substantial completion of the 2020 Project.

Management of the Corporation believes that all required building permits for the 2020 Project will be obtained in due course. See "Regulatory Permits and Approvals" in Appendix A hereto. In addition, the substantial completion and occupancy of the 2020 Project may be extended by reason of changes authorized by the Corporation, delays due to acts or neglect of the Corporation, or by independent contractors employed by the Corporation. Cost overruns could also result in the Corporation not having sufficient money to complete construction of the 2020 Project thereby requiring the Corporation to borrower additional monies or use its funds to complete the construction of the 2020 Project.

The agreement with the general contractor provides for liquidated damages if the 2020 Project is not completed by the date specified as a result of the general contractor's failure to perform, subject to extension under conditions set forth in the construction contract. The general contractor is required to furnish or cause to be furnished payment and performance bonds in the full amount of its construction contract for the 2020 Project. If the Obligated Group makes claims under the liquidated damages provisions of the construction contract or under the payment and performance bonds, there can be no assurance that such claims could be collected without litigation. Furthermore, there may be cost increases because of extraordinary events that may not give rise to claims for liquidated damages.

It is anticipated that the proceeds from the sale of the Bonds together with anticipated investment earnings thereon will be sufficient to complete the construction and equipping of the 2020 Project. Cost overruns for projects of this magnitude may occur due to change orders and other factors. Cost overruns could also result in the Corporation not having sufficient moneys to complete construction of the 2020 Project, If the proceeds of the Bonds, together with anticipated investment earnings, were not sufficient to complete the 2020 Project, the Corporation would have to complete the 2020 Project with financing obtained from other sources that may not be available.

Furthermore, the construction of the 2020 Project be delayed as a result of COVID-19. It is possible that State and local regulators may prohibit contractors, construction crew members, and others from entering the site of the 2020 Project for an extended period of time, and the length of any such delay is beyond the control of the Corporation. Given the nature of the virus, it cannot be predicted whether, and to what extent, construction may be delayed. See "[Cross reference App A for COVID-19 protocols relating to the contractor and the construction contract].

General Risks of Long-Term Care Facilities

There are many diverse factors not within the Obligated Group's control that have a substantial bearing on the risks generally incident to the operation of the Community. These factors include regulatory imposed fiscal policies, adverse use of adjacent or neighboring real estate, the ability to maintain the Community, continued community acceptance of the Community, changes in demand for the Community, changes in the number of competing facilities, changes in the costs of operation of the Community, changes in the laws of the State affecting long-term care programs, the limited income of the elderly, changes in the long-term care and health care industries, difficulties in or restrictions on the Obligated Group's ability to raise rates charged, general economic conditions and the availability of working capital. In recent years, a number of long-term care facilities throughout the United States have defaulted on various financing obligations or otherwise have failed to perform as originally expected. There can be no assurance that the Obligated Group will not experience one or more of the adverse factors that caused other facilities to struggle or fail. Certain other factors that cannot be determined at this time also may adversely affect the operation of facilities like the Community.

New and changing methods of care delivery, such as web-based home monitoring, telemedicine, mobile health, and smartphone technology will likely change the way in which providers of health services to the elderly deliver home health, hospice and other community-based services. These developments will further the ability of the home health and hospice industry to care for patients in their homes. The proliferation and availability of technological changes are expected to increase the ability of the elderly to remain in their homes longer into their lives than has historically been feasible, which could result in significantly reduced demand for communities such as the Community. Efforts to reduce hospital readmissions and costs in the overall care continuum will further the use of these new and changing technologies. These changes may allow other companies, including hospitals and other healthcare organizations that are not currently proving home health and hospice care, to expand their services to include home health services, hospice care or similar services. The Obligated Group may encounter increased competition in the future that could negatively impact patient referrals to it, limit its ability to maintain or increase its market position and adversely affect the Obligated Group's financial performance.

Uncertainty of Occupancy and Entrance and Service Fee Collection

As noted elsewhere, except to the extent that the Bonds will be payable from the proceeds of insurance, sale or condemnation awards, the Bonds will be payable solely from payments or prepayments to be made by the Corporation under the Loan Agreement and the Obligated Group under Obligation No. 4. The ability of the Corporation to make payments under the Loan Agreement and the ability of the Obligated Group, including any future Members of the Obligated Group, to make payments on Obligation No. 4 and other outstanding Parity Obligations [check term] is dependent upon the generation by the Obligated Group of revenues in the amounts necessary for the Obligated Group to pay such Obligations, as well as other operating and capital expenses.

The financial feasibility of the Community and payment, when due, of the Bonds is dependent on the continuing ability of the Obligated Group to maintain high levels of occupancy of the Community and to (i) fill those facilities that accept residents who purchase the right to live there by paying Entrance Fees, (ii) collect new Entrance Fees from residents occupying apartment units vacated by deceased residents, residents permanently transferred to assisted living or nursing care facilities operated by the Obligated Group or residents leaving such facilities for other reasons, and (iii) keep the Facilities substantially occupied by residents who can pay the full amount of the Entrance Fees and/or Monthly Service Fees (as defined in Appendix A hereto). This depends to some extent on factors outside the Obligated Group's control, such as the residents' right to terminate their continuing care contracts with the Corporation (each a "Residency Agreement") in accordance with the terms of the Residency Agreements and by general economic conditions. In particular, a depressed housing market may prevent prospective residents from selling their homes and generating cash to pay Entrance Fees. If the Community fails to maintain a high level of occupancy, there may be insufficient funds to pay debt service on the bonds and any other outstanding Bonds and obligations. In addition, the economic feasibility of the Community also depends on the Obligated Group's ability to remarket units becoming available when residents decease, withdraw, or are permanently transferred to a health care facility or any other facility.

Moreover, if a substantial number of independent living unit residents live beyond their anticipated life expectancies or if admissions or transfers to the health care components of the Community are substantially less than anticipated by the Obligated Group, or if market conditions or market changes prevent an increase in the amount of the resident Entrance Fees payable by new residents of the Community or the Monthly Service Fees payable by all residents, the receipt of additional resident Entrance Fees and/or Monthly Service Fees would be curtailed or limited, with a consequent impairment of the Obligated Group's revenues. Such impairment would also result if the Obligated Group is unable to remarket independent living units becoming available when residents die, withdraw, or are permanently transferred to the health care components of the Community.

As described in Appendix A hereto, the Obligated Group has historically made regular increases to both Entrance Fees and Monthly Service Fees to offset increasing operating costs due primarily to inflation. There can be no assurance that such increases will continue or that increases in expenses will not be greater than any such future rate increase. Also, since many of the residents may be living on fixed incomes or incomes that do not readily change in response to changes in economic conditions, there can be no assurance that any such Entrance Fee or Monthly Service Fee increases can be paid by residents or that such increases will not adversely affect the occupancy of the Community. It is possible that residents who unexpectedly become unable to make such payments would be allowed to remain residents, even though the costs of caring for them could have an adverse effect on the financial condition of the Obligated Group. As a charitable tax-exempt organization, the Obligated Group may be unable or unwilling to require residents who lack adequate financial resources to leave the Community. In the future, the Obligated Group could possibly be required to accept residents unable to pay all Entrance Fees or Monthly Service Fees or be required to provide services to a certain number of indigent persons unable to pay any fees, in order to maintain its tax-exempt status.

The Entrance Fees and Monthly Service Fees for the Community are described in Appendix A hereto. As set forth therein, the Obligated Group has set such fees based on, among other things, anticipated revenue needs and analysis of the market areas. If actual operating experience is substantially different from that anticipated, the revenues of the Obligated Group could be less than expenses. Should methods of payment other than Entrance Fees, including straight rental, become prevalent as the form of payment for elderly housing, the ability to charge resident Entrance Fees to potential future residents may decrease. If this should happen, the Obligated Group may be forced to alter its method of charging for elderly housing services and could encounter operational difficulties.

Accounting Changes

From time to time, accounting policies and procedures change based upon mandatory authoritative guidance updates to generally accepted accounting principles in the United States of America ("GAAP"). The auditors of the Obligated Group have provided letters stating the audited financial statements of the Obligated Group are fairly presented in conformity with GAAP. The Master Indenture provides that the character or amount of any asset, liability or item of income or expense required to be determined or any consolidation, combination or other accounting computation required to be made for the purposes of the Master Indenture, shall be determined or made in accordance with GAAP in effect on the date of the Master Indenture, or at the option of the Obligated Group, at the time in effect (provided that such GAAP are applied consistently with the requirements existing either on the date of the Master Indenture or at the time in effect) except where such principles are inconsistent with the requirements of the Master Indenture.

The Mortgage

The Obligated Group previously delivered the Mortgage on the Mortgaged Property to the Master Trustee to secure its obligations pursuant to the Master Indenture. In the event that there is a default under the Master Indenture, the Master Trustee has the right to foreclose on the Mortgaged Property under certain circumstances.

All amounts collected upon foreclosure of the Mortgaged Property pursuant to the Mortgage will be used to pay certain costs and expenses incurred by, or otherwise related to, the foreclosure, the performance of the Master Trustee and/or the beneficiary under the Mortgage, and then to pay amounts owing under the Master Indenture in accordance with the provisions of the Master Indenture. See also "Master Indenture" in Appendix C hereto.

In the event that the Mortgage is actually foreclosed, then, in addition to the customary costs and expenses of operating and maintaining the Community, the party or parties succeeding to the interest of the Obligated Group in the Mortgaged Property (including the Master Trustee, if such party were to acquire the interest of the Obligated Group in the Mortgaged Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state or other laws, ordinances and regulations related to the removal or remediation of certain hazardous or toxic substances; the cost of complying with laws, ordinances and regulations related to health and safety, and the continued use and occupancy of the Community, such as the Americans with Disabilities Act; costs associated with the potential reconstruction or repair of the Mortgaged Property in the event of any casualty or condemnation.

The Community is generally suitable only for residential use and are designed for senior adults and are not composed of general purpose buildings; therefore, the Community would not be suitable for industrial or commercial use and consequently, it would be difficult to find a buyer or lessee for the Community, and, upon any default, the Master Trustee may not realize the amount of the outstanding Bonds from the sale or lease of the Facilities in the event of foreclosure. See also "FLORIDA REGULATION OF CONTINUING CARE FACILITIES" for a discussion of the rights of residents in the event of foreclosure.

Any valuation of the Community is based on future projections of income, expenses, capitalization rates, and the availability of the partial or total property tax exemption. Additionally, the value of the Community will at all times be dependent upon many factors beyond the control of the Obligated Group, such as changes in general and local economic conditions, changes in the supply of or demand for competing properties in the same locality, and changes in real estate and zoning laws or other regulatory restrictions. A material change in any of these factors could materially change the value of the Community. Any weakened market condition may also depress the value of the Community. Any reduction in the market value of the Community could adversely affect the security available to the owner of the Community. There is no assurance that the amount available upon foreclosure of the Community after the payment of foreclosure costs will be sufficient to pay the amounts owing by the Obligated Group on Obligation No. 4 and other outstanding Parity Obligations.

In the event of foreclosure, a prospective purchaser of the Mortgaged Property may assign less value to the Mortgaged Property than the value of the Mortgaged Property while owned by the Obligated Group since such purchaser may not enjoy the favorable financing rates associated with the Bonds and other benefits. To the extent that buyers whose income is not tax-exempt may be willing to pay less for the Mortgaged Property than nonprofit buyers, then the resale of the Mortgaged Property after foreclosure may require more time to solicit nonprofit buyers interested in assuming the financing now applicable to the Mortgaged Property. In addition, there can be no assurance that the Mortgaged Property could be sold at 100% of its fair market value in the event of foreclosure. Although the Master Trustee will have available the remedy of foreclosure of the Mortgage in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such foreclosure, such as may be applicable in the event of the Obligated Group's bankruptcy), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all the Obligated Group's obligations.

Title Insurance

The Obligated Group has not secured additional title insurance in connection with the issuance of the Bonds and has only a limited amount of mortgagee title insurance with respect to the Mortgaged Property as described under the caption "SECURITY FOR THE BONDS – Security for Obligation No. 4." Recovery under a title insurance policy issued to a mortgagee (here, the Master Trustee) is dependent upon a number of factors including, but not limited to, the amount of title insurance purchased relative to the value of the Mortgaged Property (with the current transaction, the current assessed value of the Mortgaged Property substantially exceeds the maximum coverage under the policy), the nature of the title defect, the presence of a payment default under the Obligations and the other terms and conditions of the insurance policy. No assurance can be given that any particular set of circumstances will give rise to any recovery under a title insurance policy. Any proceeds received under such title insurance policy may not be be sufficient to cure any title defect or to compensate for any loss of title.

Liquidation of Security May Not be Sufficient in the Event of a Default

The Bond Trustee and the Issuer must look solely to the Gross Revenues, the Mortgaged Property and any funds held under the Bond Indenture and the Master Indenture to pay and satisfy the Bonds in accordance with their terms. The owners of the Bonds are dependent upon the success of the Community and the value of the assets of the Obligated Group for the payment of the principal of, redemption price, if any and interest on, the Bonds. The Borrower has not made any representations to owners of the Bonds regarding the current market value of the Community and has not secured appraisals in connection with the issuance of the Bonds. In the event of a default, the value of the Community may be less than the amount of the outstanding Bonds, since the Community exists for the narrow use as a CCRC. The special design features of a CCRC and the continuing rights of residents under continuing care and lease agreements may make it difficult to convert the Community to other uses, which may have the effect of reducing their attractiveness to potential purchasers.

Limited Assets of the Obligated Group

The Corporation is the sole member of the Obligated Group and the sole business of the Obligated Group consists of the ownership and operation of the Community. Although it may seek donations from groups and individuals, the Corporation currently has no sources of funds if revenues from operation of the Community are not sufficient to cover expenses, including debt service on the Bonds, Obligation No. 4 and its other indebtedness.

Utilization Demand

Several factors could, if implemented, affect demand for services provided at the Community including: (i) efforts by insurers and governmental agencies to reduce utilization of skilled nursing home and long-term care facilities by such means as preventive medicine and home health care programs; (ii) advances in scientific and medical technology; (iii) a decline in the population, a change in the age composition of the population or a decline in the economic conditions of the service areas for the Community; and (iv) increased or more effective competition from retirement communities and long-term care facilities now or hereafter located in the service areas of the Community.

Potential Refund of Entrance Fees

Under certain circumstances, the Obligated Group is obligated to refund all or a portion of a resident's Entrance Fee upon the resident's departure from the Facilities. The payment of such refunds could adversely affect the Obligated Group's ability to make payments required by the Loan Agreement, the Bonds, Obligation No. 4 and the other Parity Obligations. For more information regarding the Obligated Group's policies and procedures regarding deposits and Entrance Fees, see Appendix A hereto under the Section "____________."

Discounting of Entrance Fees

The Obligated Group may feel compelled to offer discounts to Entrance Fees in the future to achieve desired levels of occupancy of the Community. Discounting of Entrance Fees could significantly affect the cash flow of the Obligated Group and have a material adverse effect on the ability of the Obligated Group to make to make payments required by the Loan Agreement, the Bonds and Obligation No. 4 and the other indebtedness of the Obligated Group.

Financial Assistance and Obligation to Residents

The Obligated Group only intends to enter into Residency Agreements with residents who it judges to be creditworthy. The Obligated Group intends to provide, but does not guarantee, financial assistance to residents unable to pay Monthly Service Fees by reasons of circumstances beyond their control. The Obligated Group, as organizations described in Section 501(c)(3) of the Code (an "Exempt Organization"), is required by applicable laws relating to its status as an Exempt Organization to maintain a policy of generally not requiring residents to leave the Community because of the inability to pay, and the Obligated Group has such a policy. [Need a copy] Such requirement and policy may require the Obligated Group in the future to provide increased financial assistance or absorb greater operating losses. There may be circumstances, however, under which the requirements for greater financial assistance may have a material adverse effect on the financial condition of the Obligated Group and any future Members of the Obligated Group that qualify as Exempt Organizations.

Nature of Income and Assets of the Elderly

A large percentage of the monthly income of the residents of the Community is expected to be fixed in amount, consisting of income derived from savings, pensions, investments and Social Security payments. If, due to inflation or otherwise, substantial increases in Monthly Service Fees are required to cover increases in operating costs and other expenses, residents may have difficulty paying or may be unable to pay increased fees. In addition, some residents may need to liquidate assets, such as by selling a home, to pay the required fees. The Obligated Group's inability to collect from residents the full amount of their payment obligations, either when due or at all, may jeopardize the ability of the Obligated Group to pay amounts due under the Loan Agreement, Obligation No. 4 and the other Parity Obligations.

Sale of Homes

The number of persons who can afford payment of the substantial Entrance Fees and Monthly Service Fees may be affected by general economic conditions. It is anticipated that a substantial number of existing and potential applicants for residency in the Community will expect to pay the Entrance Fees from the proceeds of the sale of a residence. Nationwide, and particularly in Florida, there previously had been a substantial reduction in residential sales volume, a reduction in residential sales prices and residential mortgage loans generally had become less available. While housing prices and sales volume in Florida have stabilized and shown recent improvement, if there is another reduction or stagnation in residential sales volume or if mortgage loans remain difficult to secure or if such loans are available only at interest rates that prospective home purchasers are unwilling to pay, or should there be any material adverse conditions in the residential housing market, such applicants might be unable to sell their homes at acceptable financial terms, and in such event may choose not to establish residence at the Community.

Risks of Real Estate Investment

Ownership and operation of real estate, such as the Community, involves certain risks, including the risk of adverse changes in general economic and local conditions (such as the possible future oversupply and lagging demand for rental housing for the aged), adverse use of adjacent or neighboring real estate, continued community acceptance of the Community, increased competition from other senior living facilities, changes in the cost of operation of the Community, difficulties or restrictions in the Obligated Group's ability to raise rents charged, damage caused by adverse weather, climate change and delays in repairing such damage, population decreases, uninsured losses, failure of residents to pay rent, operating deficits and mortgage foreclosure, lack of attractiveness of the Community to residents, deterioration of the physical aspects of the Community, adverse changes in neighborhood values, and adverse changes in zoning laws, federal and local rent controls, other laws and regulations and real property tax rates. Such losses also include the possibility of fire or other casualty or condemnation. If the Community, or any parts of the Community, become uninhabitable, such as during restoration after damage or destruction, the residence units or common areas affected may not be available for a period of time, which could adversely affect the ability of the Obligated Group to generate sufficient revenues to make the payments required by the Loan Agreement, the Bonds and Obligation No. 4 and the other indebtedness of the Obligated Group. Changes in general or local economic conditions and changes in interest rates and the availability of mortgage funding may render the sale or refinancing of the Community difficult or unattractive. These conditions may have an adverse effect on the demand for the services provided by the Community as well as the market price received for the Community in the event of a sale or foreclosure of the Community. Many other factors may adversely affect the operation of the Community and cannot be determined at this time.

Factors Affecting Real Estate Taxes

In recent years various state and local legislative, regulatory and judicial bodies have reviewed the exemption of non-profit corporations from real estate taxes. Various state and local government bodies have challenged with increasing frequency and success the tax-exempt status of such institutions and have sought to remove the exemption of property from real estate taxes of part or all of the property of various non-profit institutions on the grounds that a portion of such property was not being used to further the charitable purposes of the institution. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements.

The Skilled Nursing Beds (but not the Assisted Living Units or the Independent Living Units) owned and operated by the Obligated Group are currently exempt from the payment of property taxes. There can be no assurance that future changes in the laws and regulations of state or local governments will not materially and adversely affect the operation and revenues of the Obligated Group by requiring the Obligated Group to pay real estate taxes for such portions of the Community owned and operated by the Obligated Group.

Competition

The Community is located in areas where other continuing care retirement facilities and other competitive facilities exist and may be developed in the future. The Community may also face additional competition in the future as a result of changing demographic conditions and the construction of new, or the renovation or expansion of existing continuing care facilities in the geographic areas served by the Community. The Obligated Group will also face competition from other forms of retirement living, including condominiums, apartment buildings and facilities not specifically designed for the elderly, some of which may be designed to offer similar facilities but not necessarily similar services, at lower prices. In addition, there are few entry barriers to future competitors because competing facilities generally do not require a certificate of need approval for independent living facilities, although continuing care facilities would be required to obtain a Certificate of Authority from the Office of Insurance Regulation of the State. All of these factors combine to make the elderly housing industry volatile and subject to material change that cannot be currently predicted. For more information regarding the Obligated Group's competition, see Appendix A hereto under the Section "Competition."

Rights of Residents

The Corporation enters into Residency Agreements with its residents. For more information about the Residency Agreements, see "________________" in Appendix A hereto. Although the Residency Agreements give to each resident a contractual right to use space and not any ownership rights in the Community, in the event that the Bond Trustee or the holders of the Bonds seek to enforce any of the remedies provided by the Bond Indenture upon the occurrence of a default or the Master Trustee seeks to enforce remedies under the Mortgage or the Master Indenture, it is impossible to predict the resolution that a court might make of competing claims among the Master Trustee, the Bond Trustee, the Issuer or the holders of the Bonds and a resident of the Community who has fully complied with all the terms and conditions of his or her Residency Agreement.

Regulation of Residency Agreements

As described herein under "FLORIDA REGULATION OF CONTINUING CARE FACILITIES," Chapter 651 requires every continuing care facility to maintain a certificate of authority from the Office of Insurance Regulation in order to operate. The Corporation has received final certificates of authority for the Community. If the Obligated Group fails to comply with the requirements of Chapter 651, it would be subject to sanctions including the possible revocation of certificates of authority for the Community. The certificate of authority may be revoked if certain grounds exist including, among others, failure by the provider to continue to meet the requirement for the certificate of authority originally granted, on account of deficiency of assets, failure of the provider to maintain escrow accounts or funds required by Chapter 651 and failure by the provider to honor its residency agreements, like the Residency Agreements, with residents. Under certain circumstances the Office of Insurance Regulation may petition for an appropriate court order for rehabilitation, liquidation, conservation, reorganization, seizure or summary proceedings. If the Office of Insurance Regulation has been appointed a receiver of a continuing care facility, it may petition a court to enjoin a secured creditor of a facility from seeking to dispose of the collateral securing its debt for a period of up to 12 months.

Organized Resident Activity

The Obligated Group may, from time to time, be subject to pressure from organized groups of residents seeking, among other things, to raise the level of services or to maintain the level of Monthly Service Fees with respect to the Community or other charges without increase. Moreover, the Obligated Group may be subject to conflicting pressures from different groups of residents, some of whom may seek an increase in the level of services while others wish to hold down Monthly Service Fees and other charges. No assurance can be given that the Obligated Group will be able satisfactorily to meet the needs of such resident groups and that such activity would not adversely impact occupancy.

Staffing

Management of the Corporation believes that its salary and benefits package is competitive with other comparable institutions in the respective areas in which the Corporation operates and that its employee relations are satisfactory. The health care industry has, at times, experienced a shortage of qualified nursing and other health care personnel. In addition, at times, markets for other staffing, such as housekeepers and maintenance staff can be competitive and result in staffing scarcity or increases compensation and benefits expense. The Corporation competes with other health care providers and with non-health care providers for both professional and nonprofessional employees. While the Corporation has been able to retain the services of an adequate number of qualified personnel to staff the Community appropriately and maintain its standards of quality care, there can be no assurance that personnel shortages will not in the future affect its ability to attract and maintain an adequate staff of qualified health care personnel and could force the Corporation to employ temporary staff through employment agencies. A lack of qualified personnel could result in significant increases in labor costs or otherwise adversely affect its operating results.

Increases of Costs

The cost of providing health care services may increase due to many reasons, including increases in salaries paid to nurses and other health care personnel and due to shortages in such personnel that many require the use of employment agencies. Additionally, recent changes to federal wage and labor laws will likely impact the Obligated Group. The current COVID-19 pandemic has recently increased certain medical and operating costs.

Labor Union Activity

Certain residential care facilities are being subjected to increasing union organizational efforts. Employees of the Obligated Group are not presently subject to any collective bargaining agreements. There can be no assurance, however, that such employees will not seek to establish collective bargaining agreements with the Obligated Group, and if so established, such collective bargaining agreements could result in significantly increased labor costs to the Obligated Group and have an adverse effect on the financial condition of the Obligated Group.

Natural Disasters

Florida has suffered from natural disasters over the years, including hurricanes droughts, flooding, seepage, windstorm, wildfire, ground subsidence, sinkholes, radon, gas exposures and other geological changes. While the Obligated Group believes that it maintains adequate insurance to cover any loss arising from such natural disasters, there can be no assurance that in severe circumstances such insurance will be adequate to rebuild all or a portion of the Community. Additionally, there can be no assurance that after experiences with natural disasters, residents will continue to choose to live in such areas of the country. Such decisions could have an adverse impact on the financial success of the Obligated Group.

Cybersecurity

The Obligated Group has developed a security management strategy to mitigate cybersecurity risks. The Obligated Group rely on computer systems and technologies to conduct many of their operations. Despite security measures, policies and training, they may be vulnerable to attacks by outside or internal hackers, or breached by employee error, negligence or malfeasance. Any such breach or attack could compromise systems and the information stored thereon. Any such disruption or other loss of information could result in a disruption in the efficiency of the services provided by the Obligated Group, thereby adversely affecting revenues. The Obligated Group maintain security measures designed to deter cyber-attacks, but no assurances can be given that these security measures will successfully prevent all cyber-attacks.

Malpractice Claims and Losses

The Obligated Group has covenanted in the Master Indenture to maintain professional liability insurance. The operations of the Obligated Group may be affected by increases in the incidence of malpractice lawsuits against elder care facilities and care providers in general and by increases in the dollar amount of client damage recoveries. These may result in increased insurance premiums and an increased difficulty in obtaining malpractice insurance. It is not possible at this time to determine either the extent to which malpractice coverage will continue to be available to the Obligated Group or the premiums at which such coverage can be obtained.

Insurance and Legal Proceedings

The Master Indenture requires the Obligated Group to carry certain insurance, including malpractice insurance. Uninsured claims and increases in insurance premiums, or the unavailability of insurance, could, to the extent not covered by increased revenues, adversely affect the financial condition of the Obligated Group.

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased nationwide, resulting in substantial increases in professional and general liability insurance premiums and, at times, in difficulty obtaining such insurance. Professional liability, elder abuse and other actions alleging wrongful conduct and seeking punitive damages often are filed against health care and senior care providers such as the Corporation. Insurance does not provide coverage for judgments for punitive damages and may not provide coverage for allegations of elder abuse. Litigation may also arise from the corporate and business activities of the Corporation and from the Corporation's status as an employer. As with professional liability, many of these risks are covered by insurance, but some are not. It is not possible at this time to determine either the extent to which malpractice coverage will continue to be available to the Corporation or the premiums at which such coverage can be obtained.

While the Obligated Group is required by the Master Indenture to have in effect at all times comprehensive general liability insurance providing insurance against liability for personal and bodily injury including death resulting therefrom, if a claim or judgment against a member of the Obligated Group for an amount in excess of the limits of such insurance were to arise, it would likely have a material adverse effect on the financial results of the Obligated Group. In addition, the Obligated Group's insurance policies must be renewed periodically. Because the increased litigation in the retirement and nursing care business has resulted in increased insurance premiums and an increased difficulty in obtaining insurance at reasonable rates, there can be no assurance that insurance coverage will continue to be available to the Obligated Group at reasonable premiums, if at all.

Availability of Remedies

The remedies available to the Bond Trustee, the Master Trustee and the owners of the Bonds upon an event of default under the Bond Indenture and the Master Indenture are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including, specifically, the United States Bankruptcy Code, the remedies provided in the Bond Indenture and the Master Indenture may not be readily available or may be limited. The legal opinion delivered by counsel to the Obligated Group to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principals of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors' generally and laws relating to fraudulent conveyances.

Bankruptcy

If one or more Members of the Obligated Group were to file a petition for relief under the United States Bankruptcy Code, its revenues and certain of its accounts receivable and other property acquired after the filing (and under certain conditions some or all thereof acquired within 120 days prior to the filing) would not be subject to the security interests created under the Master Indenture. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Member or Members of the Obligated Group and its property and as an automatic stay of any act or proceeding to enforce a lien upon its property. If the bankruptcy court so ordered, the property, including accounts receivable and proceeds thereof, of such Member or Members could be used for the benefit of the Obligated Group despite the security interest of the Master Trustee therein, provided that "adequate protection" is given to the lienholder.

In a bankruptcy proceeding, the petitioner could file a plan for the adjustment of its debts which modifies the rights of creditors generally, or any class of creditors, secured or unsecured. The plan, when confirmed by the court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly in favor of junior creditors. Certain judicial decisions have cast doubt upon the right of a trustee, in the event of a health care facility's bankruptcy, to collect and retain for the benefit of bondholder's portions of revenues consisting of Medicare and other governmental receivables.

On April 20, 2005, the Health Care Bankruptcy Bill was enacted (the "Health Care Bankruptcy Act"). The stated goal of the Health Care Bankruptcy Act was to encourage health care companies to consider the patients' rights and interests when administering their bankruptcy cases related to (1) disposal of patient records, (2) transferring patients to new facilities, (3) appointment of a patient ombudsman, and (4) exclusions of a debtor from Medicare and other federal health care programs.

In the event of bankruptcy of one or more Members of the Obligated Group, there is no assurance that certain covenants, including tax covenants, contained in the Bond Indenture, the Loan Agreement, the Master Indenture and certain other documents would survive. Accordingly, the Obligated Group, as debtor in possession, or a bankruptcy trustee could take action that would adversely affect the exclusion of interest on the Bonds from gross income of the Owners for federal income tax purposes.

Additions to and Withdrawals from the Obligated Group

Upon satisfaction of certain conditions in the Master Indenture, other entities can become Members of the Obligated Group and existing Members may withdraw from the Obligated Group; provided that the Master Indenture prohibits the Corporation from withdrawing from the Obligated Group. See also "Master Indenture" in Appendix C hereto. Management of the Obligated Group currently has no plans to add additional Members to the Obligated Group. However, if and when new Members are added, or one or more Members withdraw, the Obligated Group's financial situation and operations will likely be altered.

Third-Party Payments and Managed Care

In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident population and attendant revenues. Third-party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. Continuing care retirement communities are less sensitive to this directed utilization than stand-alone skilled nursing facilities; however, the risk may increase, and the Obligated Group may be required to accept residents under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

Additional Indebtedness

The Master Indenture permits the Obligated Group to incur Additional Indebtedness which may be secured *pari passu* with Obligaion No. 4 and the parity obligations. Any such Additional Indebtedness would be entitled to share ratably with the holders of Obligation No. 4 and the holders of parity obligations in any moneys realized from the exercise of remedies in the event of a default under the Master Indenture. The issuance of such Additional Indebtedness could reduce the Long-Term Debt Service Coverage Ratio and could impair the ability of the Obligated Group to maintain its compliance with certain covenants described in the Master Indenture. There is no assurance that, despite compliance with the conditions upon which such Additional Indebtedness may be incurred at the time such debt is created, the ability of the Obligated Group to make the necessary payments to repay Obligation No. 4 and the parity obligations may not be materially adversely affected upon the incurrence of Additional Indebtedness. At the time of the issuance of the Bonds, Obligation No. 4 will constitute approximately ____%* of the Obligated Group's Outstanding parity obligations. See "ANNUAL DEBT SERVICE REQUIREMENTS" herein. See also "FINANCIAL INFORMATION – Prior Bonds" in Appendix A hereto. [add mention of 2021]

Certain Matters Relating to Enforceability of the Master Indenture

The obligations of the Obligated Group and any future Member of the Obligated Group under Obligation No. 4 will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Obligated Group and any future Member of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the incurrence of Additional Indebtedness) are met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Obligated Group to pay debt service on Obligations, including Obligation No. 4 pledged under the related Bond Indenture as security for the related series of Bonds.

The obligations described herein of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation) may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and

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* Preliminary, subject to change

(2) such payments (i) are requested with respect to payments on any Obligations issued by a Member other than the Member from which such payment is requested, issued for a purpose which is not consistent with the charitable purposes of the Member of the Obligated Group from which such payment is requested or issued for the benefit of a Member of the Obligated Group which is not a Tax-Exempt Organization; (ii) are requested to be made from any moneys or assets which are donor-restricted or which are subject to a direct or express trust which does not permit the use of such moneys or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws. The extent to which the assets of any future Member of the Obligated Group may fall within the categories (ii) and (iii) above with respect to the Obligations cannot now be determined. The amount of such assets which could fall within such categories could be substantial.

A Member of the Obligated Group may not be required to make any payment on any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group to the extent that such payment would render such Member of the Obligated Group insolvent or which would conflict with or not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable laws. There is no clear precedent in the law as to whether such payments from a Member of the Obligated Group in order to pay debt service on Obligation No. 4 may be voided by a trustee in bankruptcy in the event of bankruptcy of a Member of the Obligated Group, or by third-party creditors in an action brought pursuant to Florida fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under Florida fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or Florida fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. It is possible that, in an action to force a Member of the Obligated Group to pay debt service on an Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that such Member is analogous to a guarantor of the debt of the Obligated Group who directly benefited from the borrowing and that sufficient consideration for such Member’s guaranty was not received and that the incurrence of such Obligation has rendered or will render the such Member insolvent.

Pursuant to the Master Indenture, each Member of the Obligated Group that pledges its Gross Revenues under the Master Indenture covenants and agrees that, if an Event of Default involving a failure to pay any installment of interest or principal on an Obligation should occur and be continuing, it will deposit daily the proceeds of its Gross Revenues. Such deposits will continue daily until such default is cured.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Corporation as to enforceability of such covenant with respect to the required deposits.

Limitations on Security Interest in Gross Revenues

The effectiveness of the security interest in the Obligated Group’s Gross Revenues granted in the Master Indenture may be limited by a number of factors, including: (i) present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of any Member of the Obligated Group, to collect and retain accounts receivable from Medicare, Medicaid, general assistance and other governmental programs; (iii) commingling of the proceeds of Gross Revenues with other moneys of a Member of the Obligated Group not subject to the security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws which may affect the enforceability of the mortgage or the security interest in the Gross Revenues of the Obligated Group which are earned by the Obligated Group within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy proceedings by or against a Member of the Obligated Group; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; and (ix) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Florida Uniform Commercial Code as from time to time in effect.

In addition, cash held by the Obligated Group may not be subject to any perfectible security interest under the Uniform Commercial Code ("UCC"). The security interest in any item of inventory will be inferior to the interest of a buyer in the ordinary course of business and will be inferior to a purchase money security interest, as defined in the UCC, perfected in connection with the sale to the Obligated Group of such item.

The lien on certain other pledged assets may not be enforceable against third parties unless such other pledged assets are transferred and delivered to the Master Trustee (which transfer the Obligated Group is not required by the Master Indenture to make prior to a default thereunder and which transfer may be set aside if it occurs within 90 days of the filing of a petition of bankruptcy), is subject to exception under the UCC and may be lost if the proceeds are commingled or expended by the Obligated Group.

Furthermore, the federal government restricts the assignment of rights arising out of Medicare, Medicaid and other federal programs. No opinion will be expressed by counsel to the Corporation as to the perfection of any security interest in the assignment of such rights.

The Master Indenture provides that if an Event of Default shall have occurred and be continuing, the Master Trustee may request that each Member of the Obligated Group deliver all Gross Revenues to it; *provided*, that if the Holders of a majority in aggregate principal amount of Obligations then Outstanding request that each Member of the Obligated Group deliver all Gross Revenues to the Master Trustee, the Master Trustee shall make such demand.

It is unclear whether the covenant to deposit the proceeds of Gross Revenues with the Master Trustee is enforceable. In light of the foregoing and of questions as to limitations on the effectiveness of the security interest granted in such Gross Revenues, as described above, no opinion will be expressed by counsel to the Obligated Group as to enforceability of such covenant with respect to the required deposits.

Certain Amendments to Bond Indenture and Master Indenture

If an Event of Default under the Bond Indenture occurs, there may be an amendment made to the Bond Indenture that (i) extends the stated maturity of or time for paying interest on any Bond or reduce the principal amount of or the redemption premium or rate of interest payable on any Bond without the consent of the Holder of such Bond, (ii) prefers or gives a priority to any Bond over any other Bond without the consent of the Holder of each Bond then Outstanding not receiving such preference or priority or (iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Bonds then Outstanding with the consent of the holders of at least 80% in aggregate principal amount of all Outstanding Bonds with respect to which such amendment is made; provided, however, any such amendment shall not result in a preference or priority of any Bond over any other Bond and no such amendment described in clauses (i) through (iii) shall result in a disproportionate change, reduction or modification with respect to any Bond.

These provisions are intended to make it easier for the Obligated Group to restructure its indebtedness, including the Bonds and Obligation No. 4, if an Event of Default has occurred, without having to file for bankruptcy under the federal Bankruptcy Code. In the absence of a provision such as this in the Bond Indenture, such a change in payment terms on the Bonds could only be made under a plan of reorganization approved by a Bankruptcy Court. The consent of the holders of 100% of the Bonds would be extremely difficult to obtain, and a bankruptcy filing would necessarily involve delay and expense which could affect the ability of the Corporation to accomplish a successful reorganization. This provision would only be in effect if an Event of Default occurred and was continuing.

Prospective purchasers of the Bonds are advised that this change means there is a risk that if an Event of Default occurs, there may be an amendment made to the Bond Indenture which affects the payment provisions of the Bonds such purchaser holds, or other matters described above. This amendment may be made without the consent of such purchasers, if the holders of at least eighty percent (80%) in aggregate principal amount of the Bonds of the same maturity consent to such amendment, and the other conditions to such are met.

The Master Indenture contains a similar provision to that described above. See "The Master Indenture" in Appendix C hereto.

Environmental Matters

Health care providers are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations which address, among other things, health care operations, facilities and properties owned or operated by health care providers. Among the type of regulatory requirements faced by health care providers are (a) air and water quality control requirements, (b) waste management requirements, including medical waste disposal, (c) specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances, (d) requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the clinics, (e) requirements for training employees in the proper handling and management of hazardous materials and wastes and (f) other requirements.

In its role as the owner and operator of properties or facilities, the Obligated Group may be subject to liability for investigating and remedying any hazardous substances that may have migrated off of its property. Typical health care operations include, but are not limited to, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. As such, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may (a) result in damage to individuals, property or the environment, (b) interrupt operations and increase their cost, (c) result in legal liability, damages, injunctions or fines and (d) result in investigations, administrative proceedings, penalties or other governmental agency actions. There is no assurance that the Obligated Group will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Obligated Group.

The Obligated Group secured a Phase I Environmental Assessment in connection with the issuance of the Bonds. [Confirm] The Obligated Group is not aware of any environmental liability with respect to any of its properties that it believes would have a material adverse effect on the Obligated Group's business, financial condition, or results of operations. The Obligated Group believes that its operations are in compliance in all material respects with all federal, state, and local laws, ordinances, and regulations regarding hazardous or toxic substances or petroleum products. The Obligated Group currently is not a party to any legal proceeding that its management believes would have a material adverse effect on its business, financial condition, or results of operations.

However, there can be no assurance that an enforcement action or actions will not be instituted under such statutes at a future date. In the event such enforcement actions are initiated, the Obligated Group could be liable for the costs of removing or otherwise treating pollutants or contaminants located at the Project Site. In addition, under applicable environmental statutes, in the event an enforcement action was initiated, a lien superior to the Master Trustee's lien on behalf of the Bondholders could attach to the Community, which would adversely affect the Master Trustee's ability to realize value from the disposition of such Facility upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Community under the Master Indenture, the Master Trustee would need to take into account the potential liability of any owner of Sinai Residences, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

Federal and State Health Care Laws and Regulations; Medicare and Medicaid

The Obligated Group's independent living units are not currently subject to significant federal governmental regulation, other than laws and regulations applicable generally to developers and operators of residential real estate. For example, the Obligated Group must comply with the Federal Fair Housing Act and Fair Housing Amendments Act of 1988, 42 U.S.C.A. §3601 et seq., as amended, (which among other things, prohibits discrimination in housing) and the Americans with Disabilities Act of 1990, 42 U.S.C.A. §12101 et seq., as amended (which mandates the elimination of discrimination against individuals with disabilities and imposes certain standards relating to the construction and/or renovation of certain buildings and structures). Compliance with such regulatory requirements may adversely affect the Obligated Group's financial results. Failure to comply with such requirements could also result in the imposition of various fines and other remedies.

Skilled nursing facilities ("SNFs") that accept payment from Medicare and Medicaid are required to comply with federal laws that affect the rights of residents, including the Federal Nursing Home Reform Act and related regulations. In addition, state laws establish the rights and responsibilities of residents of nursing homes and assisted living facilities. Failure to comply with these laws can result in regulatory action, monetary fines, loss or restriction of licensure or certification, and other remedies. There is no certainty that compliance with the laws or regulatory actions under them will not adversely affect operation of the Community or the financial condition of the Obligated Group.

The health care industry in general is subject to highly technical regulation by a number of federal, state and local governmental agencies, including the Centers for Medicare and Medicaid Services. As a result, the industry is sensitive to legislative changes in such programs and is affected by reductions in governmental spending for such programs. Congress has in the past enacted a number of provisions that affect health care providers and additional legislative changes can be expected. Previous legislative actions have included limitation of payments to nursing homes under the Medicare program. Additional legislation dealing with nursing home revenues could be introduced that, if enacted, might have an adverse impact upon the revenues of the Facility.

There is an expanding and increasingly complex body of law, regulation and policy (both federal and state) relating to the Medicaid and Medicare programs, which is not directly related to payments under such programs. This includes reporting and other technical rules as well as broadly stated prohibitions regarding improper inducements for referrals, referrals by physicians for designated health services to entities with which the physicians have a prohibited financial relationship, and payment of kickbacks in connection with the purchase of goods and services. Violations of prohibitions against false claims, improper inducements and payments, prohibited physician referrals, and illegal kickbacks may result in civil and/or criminal sanctions and penalties. Civil penalties range from monetary fines that may be levied on a per-violation basis to temporary or permanent exclusion from the Medicaid and Medicare programs. The determination that any of the facilities of the Obligated Group were in violation of these laws could have a material adverse effect on finances of the Obligated Group.

At this time, all the SNF beds are certified for Medicare and Medicaid. For the Fiscal Year ended December 31, 2019, approximately ____% of Obligated the Group's annual operating revenues were derived from Medicare and ___% from Medicaid. See also "Sources of Resident Service Revenue" in Appendix A hereto. [Check cite reference upon receipt of Appendix A]

Medicare

Medicare is a federal insurance program that, among other things, provides reimbursement for nursing facility care in Medicare-certified facilities. Generally, a resident will qualify for Medicare reimbursement only if the resident's admission to the nursing home facility is immediately subsequent to the resident's three or more day stay at an acute care facility. Medicare reimbursement for nursing care is limited to a renewable 100-day period for each qualified resident. Medicare currently reimburses providers of nursing care for the lower of customary charges or allowable costs. Payments are made directly to the Obligated Group for residents qualifying for Medicare on the basis of per diem rates based on resident acuity as well as each facility's allowable costs for the cost reporting period that began in fiscal year 1995, updated by a factor based on the skilled nursing facility market basket percentage (except in the case of certain facilities in states having a Prospective Payment System demonstration project), but without adjustment for case mix or wage levels.

Other future legislation, regulation or actions by the federal government are expected to continue the trend toward more limitations on reimbursement for long term care services. At present, no determination can be made concerning whether or in what form such legislation could be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the Obligated Group's financial performance cannot be determined at this time. The current congressional discussions regarding decreasing the federal budget in connection with raising the federal debt may result in lowering Medicare payments to providers such as the Obligated Group.

Medicare Reimbursement. Medicare reimbursement to SNFs depends on several factors, including the character of the facility, the beneficiary's circumstances, and the type of items and services provided. Extended care services furnished by SNFs are covered only if the patient spent at least three consecutive days as a hospital inpatient prior to admission to the SNF and if the patient was admitted to the SNF within 30 days of discharge from a qualifying hospital stay. Medicare Part A generally covers institutional health services, including hospital, home health, nursing home care, and certain other services, and Medicare Part B generally covers certain physician services, medical supplies, and durable medical equipment. The Medicare Advantage Program, also known as Medicare Part C, enables Medicare beneficiaries to choose to obtain their Part A and Part B benefits through a variety of risk-based plans. Medicare Part D assists beneficiaries with paying for prescription drugs. Medicare is administered by the Centers for Medicare & Medicaid Services ("CMS"), an agency of the U.S. Department of Health and Human Services ("HHS"). HHS's rule-making authority is substantial, and its rules are extensive and complex. Substantial deference is given by courts to rules promulgated by HHS.

Participation in any federal healthcare program is heavily regulated. Providers and suppliers that participate in the Medicare program must agree to be bound by the terms and conditions of the program, such as meeting quality standards for rendering covered services and adopting and enforcing policies to protect patients from certain discriminatory practices and must disclose certain ownership interests and/or managing control information. If a healthcare entity fails to substantially comply with any applicable conditions of participation in the Medicare and Medicaid programs or performs certain prohibited acts, the entity's participation in these programs may be terminated, and civil and/or criminal penalties may be imposed.

The government uses Medicare reimbursement as a key tool to implement healthcare policies, to allocate healthcare resources and to control utilization, facility and provider development and expansion, and technology use and development. Changes in Medicare funding levels and the transition of Medicare enrollees into Medicare managed care plans, could have an adverse effect on the Obligated Group's revenues. There is frequent debate over the federal budget commitment to the Medicare program. Congress has consistently attempted to curb the growth of federal spending on healthcare programs. The pressure to curb the rate of increase in federal spending in healthcare programs overall and on a per-beneficiary basis is expected to increase as the United States population ages. Among other effects, this pressure may result in reduced payment rates for healthcare services and in increased utilization of managed care in the Medicare and Medicaid programs. In addition, Congress and other governmental agencies, and uninsured patients through certain federal and state class action litigation, have focused on the availability of healthcare to indigent and uninsured or underinsured patients, and the obligations of tax-exempt, not for profit healthcare organizations to these populations. Additional legislation or regulation in these areas could have an adverse effect on the results of operations of the Corporation.

The Affordable Care Act, discussed in more detail below, affects how healthcare services are covered, delivered, and reimbursed while expanding coverage to previously uninsured individuals and reducing government healthcare spending. In addition to the reimbursement reductions and adjustments under the Affordable Care Act and as discussed herein, the Budget Control Act of 2011 requires automatic spending reductions to reduce the federal deficit, including Medicare spending reductions of up to 2% per fiscal year, with a uniform percentage reduction across all Medicare programs. These automatic spending reductions began in 2013, with CMS imposing a 2% reduction on Medicare claims, and have been extended through 2025. CMS contracts with non-government organizations or agencies to serve as the fiscal agents between providers and CMS to process enrollment in and claims for payment by the Medicare program. These agents apply the Medicare coverage rules to determine the appropriateness of claims. To service Part A and Part B providers, CMS has contracted the Medicare fiscal intermediary and Medicare carrier functions to Medicare Administrative Contractors ("MACs"), which are geographically assigned.

The Balanced Budget Act of 1997 mandates the implementation of a per diem prospective payment system ("PPS") for SNFs covering all costs (routine, ancillary and capital) related to the services furnished to beneficiaries under Part A of the Medicare program. Major elements of the current system include the following:

Rates: Federal rates are set using allowable costs from FY 1995 cost reports. The rates also include an estimate of the cost of services which, prior to July 1, 1998, had been paid under Part B but furnished to SNF residents during a Part A covered stay. FY 1995 costs are updated to FY 1998 by a SNF market basket minus 1 percentage point for each of fiscal years 1996, 1997 and 1998. Providers which received new provider exemptions in FY 1995 are excluded from the data base. Routine cost limit exceptions payments are also excluded. The data is aggregated nationally by urban and rural area to determine standardized federal per diem rates to which case mix and wage adjustments apply.

Case Mix Adjustment: Payments under the SNF PPS are case-mix adjusted in order to reflect the relative resource intensity that would typically be associated with a given patient's clinical condition, as identified through the resident assessment process. The SNF PPS also includes an administrative presumption whereby a beneficiary who is correctly assigned one of the designated, more intensive case-mix classifiers on the initial 5-day, Medicare-required assessment is automatically classified as meeting the SNF level of care definition up to and including the assessment reference date (ARD) for that assessment. (A beneficiary who is not assigned one of the designated case-mix classifiers is not automatically classified as either meeting or not meeting the definition, but instead receives an individual level of care determination using the existing administrative criteria.)

o For services furnished prior to October 1, 2019, CMS has designated for this purpose all groups encompassed by the following categories under the Resource Utilization Groups, version IV (RUG-IV) model: Rehabilitation plus Extensive Services; Ultra High Rehabilitation; Very High Rehabilitation; High Rehabilitation; Medium Rehabilitation; Low Rehabilitation; Extensive Services; Special Care High; Special Care Low; and Clinically Complex.

o For services furnished on or after October 1, 2019, CMS designates for this purpose the following classifiers under the Patient Driven Payment Model (PDPM): Those nursing groups encompassed by the Extensive Services, Special Care High, Special Care Low, and Clinically Complex nursing categories; PT and OT groups TA, TB, TC, TD, TE, TF, TG, TJ, TK, TN, and TO; SLP groups SC, SE, SF, SH, SI, SJ, SK, and SL; and the NTA component's uppermost (12+) comorbidity group.

Geographic Adjustment: The labor portion of the federal rates is adjusted for geographic variation in wages using the hospital wage index.

Annual Updates: Payment rates are increased each Federal fiscal year using a SNF market basket index (PDF).

Transition: A three-year transition that blends a facility-specific payment rate with the federal case mix adjusted rate is used. The facility-specific rate includes allowable costs (from FY 1995 cost reports) including exceptions payments. Payments associated with 'new provider' exemptions are included but limited to 150 percent of the routine cost limit. It also includes an add-on for related Part B costs similar to the federal rate.

Payments of Medicare patients in SNFs are now based on a Patient-Driven Payment Model ("PDPM"). Under the current PDPM, SNFs are paid a single per diem rate per based upon the resident's clinical characteristics. PDPM rates are based on the expected resource needs of patients and cover routine services, therapy services and nursing costs. SNF PDPM payment rates are adjusted annually. There is no guarantee that the SNF rates, as they may change from time to time, will cover the actual costs of providing care to Medicare SNF patients.

The Health Care Reform Statutes also required the Secretary of the United States Department of Health and Human Services ("DHHS") to develop a "value based" purchasing program (based on performance and quality measures and other factors) for SNFs. DHHS is required to publish the measures selected with respect to fiscal year 2014, including procedures for the public to review such data. This will eventually result in a mandatory requirement for nursing homes reporting on key performance and other quality performance measures and the development of a pay for performance program for SNFs which will impact reimbursement to SNFs. Compliance with the performance and other quality performance measures will be essential for full reimbursement under the Medicare Program. In 2014, the Health Care Reform Statutes require that the annual update to the standard federal rate for discharges during the rate year will be reduced by two percentage points for each facility that does not report quality data. The Secretary is also required to study the impact of expanding Medicare's health care acquired conditions reduced payment policy to SNFs. Because the Health Care Reform Statutes are relatively new, the full impact of these provisions is unknown and subsequent laws, regulation and guidance impacting Medicare policy and reimbursement may provide additional changes which may adversely impact skilled nursing homes.

Medicare has also increased its efforts to recover overpayments. CMS is expanding its use of Recovery Audit Contractors ("RACs") to further assure accurate payments to providers. RACs search for potentially improper Medicare payments from prior years that may have been detected through CMS existing program integrity efforts. RACs use their own software and review processes to determine areas for review. Once a RAC identifies a potentially improper claim as a result of an audit, it applies an assessment to the provider's Medicare reimbursement in an amount estimated to equal the overpayment from the provider pending resolution of the audit. In 2014, the RAC project returned approximately $2.4 billion to the Medicare program, with Florida accounting for $139 million of this amount. Such audits may result in reduced reimbursement for past alleged overpayments and may slow future Medicare payments to providers pending resolution of appeals process with RACs, as well as increase purported Medicare overpayments and associated costs for the Obligated Group.

Other future legislation, regulation or actions by the federal government are expected to continue to trend toward more restrictive limitations on reimbursement for the long-term care services. At present, no determination can be made concerning whether, or in what form, such legislation could be introduced and enacted into law. Similarly, the impact of future cost control programs and future regulations upon the financial performance of the Obligated Group cannot be determined at this time.

Medicare Reporting Requirements. Medicare regulations provide that all entities furnishing services for which payment may be made under Medicare are required to submit certain information to CMS. Persons who fail to submit the required information or who fail to report the information accurately and completely are subject to civil or criminal money penalties. As these requirements are numerous, technical and complex, there can be no assurance that one or more Members of the Obligated Group may not incur such penalties in the future. These penalties could have a material adverse effect on the Obligated Groups revenues and/or its ability to operate.

Government Health Program Regulations Governing Fraud and Abuse and Certain Referrals. Federal and state health care fraud and abuse laws generally regulate services furnished to beneficiaries of federal and state (including Medicare) 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 program, impose civil monetary penalties, and suspend Medicare 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.

There is an increasingly expanding and complex body of state and federal law, regulation and policy relating to relationships between providers of health care services to patients and potential referral sources such as, but not limited to, physicians. The federal and state illegal remuneration statutes and anti-kickback statutes applicable to Medicare, Medicaid, and all federal and state health care programs ("Government Programs") prohibits the offer, payment, solicitation, or receipt of any remuneration, directly or indirectly, covertly or overtly, in cash or in kind, for (1) the referral of patients, or arranging for the referral of patients, for the provision of items or services for which payment may be made under the Government Programs; or (2) the purchase, lease or order, or arranging for the purchase, lease or order, of any good, facility, service or item for which payment may be made under the Government Programs. A violation of the illegal remuneration statute constitutes a felony criminal offense, and applicable sanctions include imprisonment of up to five years, fines up to $25,000 and exclusion from the Medicare program.

The federal civil False Claims Act ("Civil FCA") prohibits anyone from knowingly submitting a false, fictitious or fraudulent claim to the federal government. Violation of the Civil FCA can result in civil money penalties and fines, including treble damages. Private individuals may initiate actions on behalf of the federal government in lawsuits called qui tam actions. The plaintiffs, or "whistleblowers," can recover significant amounts from the damages awarded to the government. In several cases, Civil FCA violations have been alleged solely on the existence of alleged kickback arrangements or violations of Section 1877 of the Social Security Act (commonly known as the "Stark Law"), even in the absence of evidence that false claims had been submitted as a result of those arrangements. The

Patient Protection and Affordable Care Act ("PPACA") creates Civil FCA liability for knowingly failing to report and return an overpayment within a specified time. The federal criminal False Claims Act ("Criminal FCA") prohibits the knowing and willful making of a false statement or misrepresentation of a material fact in submitting a claim to the government. Sanctions for violation of the Criminal FCA include imprisonment, fines, and exclusions.

The Civil Monetary Penalties Law in part authorizes the government to impose money penalties against individuals and entities committing a variety of acts. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment, (ii) for services that are known to be medically unnecessary, (iii) for services furnished by an excluded party, or (iv) otherwise false. An entity that offers remuneration to an individual that the entity knows is likely to induce the individual to receive care from a particular provider may also be fined. Moreover, the Obligated Group 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. PPACA amended the Civil Monetary Penalties Law to authorize civil monetary penalties for a number of additional activities, including (i) knowingly making or using a false record or statement material to a false or fraudulent claim for payment; (ii) failing to grant the Office of Inspector General timely access for audits, investigations or evaluations; and (iii) failing to report and return a known overpayment within statutory time limits. Violations of the Civil Monetary Penalties Law can result in substantial civil money penalties plus three times the amount claimed.

In addition to the anti-kickback and illegal remuneration statutes, the Stark Law imposes certain restrictions upon referring physicians and providers of certain designated health services, including long term care services, under the Medicare and Medicaid programs. Subject to certain exceptions, the Stark Law provides that if a physician (or a family member of a physician) has a financial relationship with an entity (i) the physician may not make a referral to the entity for the furnishing of designated health services reimbursable under the Medicare and Medicaid programs, and (ii) the entity may not bill for designated health services furnished pursuant to a prohibited referral. Entities and physicians committing an act in violation of the Stark Law are subject to civil money penalties and exclusion from the Medicare and Medicaid programs. Mandated by PPACA, the recently published Medicare self-referral disclosure protocol ("SRDP") is intended to allow providers to self-disclose actual or potential violations of the Stark Law. PPACA provides for discretion to reduce penalties for providers submitting an SRDP. As a result of the scarcity of case law interpreting the Stark Law, there can be no assurance that the Obligated Group will not be found in violation of the Stark Law or that self-disclosure of a potential violation would result in reduced penalties for the Obligated Group.

Sanctions could be applied in many situations where skilled nursing facilities participate in joint ventures with entities that may be in a position to make referrals or to which skilled nursing facilities may be in a position to make referrals, enter into personal service and management contracts, enter into space and equipment rental agreements, waive co-payments and deductibles, etc. Such sanctions could result in a material adverse effect on the financial position of the Obligated Group, exclusion from Government Programs, loss of license or disciplinary action by licensing agencies, and/or substantial civil monetary penalties.

Management of the Obligated Group does not believe that it is involved in activities that pose a significant risk of sanctions under these referral laws. However, there can be no assurance that such challenge or investigation will not occur in the future.

Audits. Most health care providers are audited for compliance with the requirements for participation in the Medicare program. If audits discover alleged overpayments, the Obligated Group could be required to pay a substantial rebate of prior payments. The federal government contracts with third-party RACs, on a contingent fee basis, to audit the propriety of payments to Medicare providers. The centers for Medicare and Medicaid Services recently passed rules resulting in several more types of Medicare and or Medicaid audits. Medicare zone program integrity contractors ("ZPICs") transitioned from the program safeguard contractor ("PSC") program, target potential fraud and abuse and are tasked with ensuring the integrity of all Medicare-related claims per assigned jurisdiction. PSCs, ZPICs, affiliated contractors ("ACs"), and Medicare administrative contractors ("MACs") must ensure that they pay the right amount for covered and correctly coded services rendered to eligible beneficiaries by legitimate providers. Four parallel strategies are employed in meeting this goal: (i) preventing fraud through effective enrollment and through education of providers and beneficiaries, (ii) early detection through, for example, medical review and data analysis, (iii) close coordination with partners, including PSCs, ZPICs, ACs, MACs, and law enforcement agencies, and (iv) fair and firm enforcement policies. The Obligated Group has not received claims or been a party to settlement negotiations outside of the routine audit processes. Nevertheless, ultimate liability could exceed reserves, and any excess could be substantial. Medicare regulations also provide for withholding payment in certain circumstances, which could adversely affect the Obligated Group's cash flow.

Florida Medicaid. [Add, assuming Community accepts Medicaid]

Health Care Reform

The enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, "PPACA") represents a significant reform of federal health care legislation. Additionally, Congress continues to consider the adoption of additional laws to modify several aspects of such legislation. PPACA is intended to bring about substantial changes to the delivery of health care services, the financing of health care costs, reimbursement to health care providers, and the legal obligations of health insurers, providers, and employers. The numerous provisions of PPACA are slated to take effect at specified times over approximately the next decade, and, therefore, the full consequences of the new laws on the health care industry will not be immediately realized. The ramifications of PPACA provisions may become apparent only as a result of regulatory interpretations promulgated during the implementation of the enacted laws. Portions of the PPACA may also be limited or nullified as a result of legal challenges.

Many PPACA provisions could have a significant impact on health care providers, including their operations and revenues, and such impact could be negative. For example, expanded health insurance coverage, in particular, could affect the composition of the population enrolled in various public and private health plans, potentially resulting in a capacity strain on provider networks or unanticipated service costs. PPACA attempts to increase competition among private health insurers by providing for transparent state insurance exchanges. PPACA also prevents private insurers from adjusting insurance premiums based on health status, gender, or other specified factors. Further, to offset the cost of expanded health care coverage and implementation of reform, PPACA includes cuts in Medicare reimbursement and increased taxes. Cost-cutting provisions will impact health care providers by reducing or eliminating reimbursement for failure to satisfy certain quality requirements and reduction of Medicare market basket updates.

PPACA reduces payments for services to federally-insured patients because Congress expected that providers will realize savings in bad debt and charity care expenses, since they are expected to provide care to fewer uninsured patients as a result of mandated increases in insurance coverage. The constitutionality of certain PPACA provisions designed to expand health insurance coverage was recently challenged. While the private insurance mandate has been upheld by the Supreme Court, certain provisions were found to be unconstitutional. Members of Congress continue to propose a repeal or amendment of PPACA and there is no assurance that it will be implemented as initially adopted. It is difficult to predict the full impact of PPACA due to the law's complexity, lack of implementing regulations or interpretive guidance and gradual implementation, as well as an inability to foresee how states, businesses and individuals will respond to the choices afforded them by the law. The Obligated Group is therefore unable to predict the full impact of PPACA on it at this time.

Health care providers are likely to be subjected to decreased reimbursement as a result of implementation of recommendations of the PPACA-created Independent Payment Advisory Board, whose directive is to reduce Medicare cost growth. The Board's recommended reductions would be automatically implemented unless Congress adopts alternative legislation that meets equivalent savings targets. PPACA provisions relating to SNFs include requirements that facilities (i) make certain disclosures regarding ownership; (ii) implement compliance and ethics programs; and (iii) make certain disclosures regarding expenditures for wages and benefits for direct care staff. In addition, PPACA may affect SNF reimbursement through the creation of value-based purchasing payment and post-acute care payment bundling programs and may place limitations on SNF payments for health care acquired conditions. Investors are encouraged to review legislative, legal, and regulatory developments as they occur and to assess the elements and potential effects of the health care reform initiative as it evolves.

Healthcare Industry Investigations

Both federal and state regulatory agencies maintain investigation programs of hospitals and other healthcare providers relative to compliance with applicable laws. Significant media and public attention has focused in recent years on the healthcare industry. It is possible that governmental entities could initiate investigations or litigation in the future at facilities operated by Members of the Obligated Group, potentially resulting in significant penalties as well as adverse publicity. It is also possible that the executives and managers of Members of the Obligated Group could be included in governmental investigations or litigation or named as defendants in private litigation. Because the law in this area is complex and constantly evolving, governmental investigations or litigation may result in interpretations that are inconsistent with industry practices, including the Members' practices. In public statements surrounding current investigations, governmental authorities have taken positions on a number of issues, including some for which little official interpretation previously has been available, that appear to be inconsistent with practices that have been common within the industry and that previously have not been challenged in this manner. In some instances, government investigations that have in the past been conducted under the civil provisions of federal law may now be conducted as criminal investigations. Both federal and state government agencies have increased their focus on and coordination of civil and criminal enforcement efforts in the healthcare area. The OIG and the U.S. Department of Justice have, from time to time, established national enforcement initiatives targeting all hospital providers that focus on specific billing practices or other suspected areas of abuse.

The Affordable Care Act allocates $350 million of additional federal funding over 10 years to fight healthcare fraud, waste and abuse. In addition, governmental agencies and their agents, such as MACs, may conduct audits of the Obligated Group's healthcare operations. Private payors may conduct similar audits, and the Obligated Group will also perform internal audits and monitoring.

Possible Future Adverse Legislative Proposals

Legislative proposals which could have an adverse effect on the Obligated Group include: (a) any changes in the taxation of non-profit corporations or in the scope of their exemption from income or property taxes; (b) limitations on the amount or availability of tax exempt financing for corporations recognized under Section 501(c)(3) of the Code; (c) regulatory limitations affecting the Obligated Group's ability to undertake capital projects or develop new services; and (d) a requirement that non-profit health care institutions pay real estate property tax and sales tax on the same basis as for-profit entities.

The discussion above (or as otherwise discussed herein) is not an exhaustive study of the laws and regulations which may apply to the Obligated Group and its operations. Other laws and regulations not set forth herein (or elsewhere herein) may also apply to the Obligated Group and its operations and may have an adverse impact thereon.

Future Health Care and Regulatory Risks

The Obligated Group is and will continue to be subject to certain governmental regulations. Participants in the health care industry are subject to significant regulatory requirements of federal, state and local governmental agencies and independent professional organizations and accrediting bodies, technological advances and changes in treatment modes, various competitive factors and changes in third party reimbursement programs. In addition, the operations of the health care industry have been subject to increasing scrutiny by federal, state and local governmental agencies. In response to perceived abuses and actual violations of the terms of existing federal, state and local health care payment programs, such agencies have increased their audit and enforcement activities, and federal and state legislation has been considered or enacted, providing for civil and criminal penalties against certain activities.

Bills proposing to regulate or control, in some manner, health care costs and revenues and a number of proposals for a national health insurance program are regularly submitted to Congress. There are wide variations among these proposals and the effect on the health care industry and the Obligated Group cannot be determined. There can be no assurance that the implementation of any such bill or proposal or any future bill or proposal, or the implementation by the federal or state administrative bodies of cost containment or revenue control programs, would not adversely affect the revenues of Sinai Residences, and thus the revenues of the Obligated Group.

In the environment of increasing managed care, the Obligated Group can expect additional challenges in maintaining its resident population and attendant revenues. Third-party payors, such as health maintenance organizations, direct their subscribers to providers who have agreed to accept discounted rates or reduced per diem charges. CCRCs are less sensitive to this directed utilization than stand-alone SNFs; however, the risk may increase and the Obligated Group may be required to accept residents under such conditions should managed care cost reduction measures now pervasive in the health care industry continue to grow.

Federal Tax Matters

Possible Changes in Obligated Group's Tax Status. The possible modification or repeal of certain existing federal income or state tax laws or other loss by one or more Members of the Obligated Group of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the revenues of the Obligated Group. Each Member of the Obligated Group has obtained a determination letter from the IRS to the effect that such Member of the Obligated Group is exempt from federal income taxation under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code. As an exempt organization, each Member of the Obligated Group is subject to a number of requirements affecting its operation. The failure of a Member of the Obligated Group to remain qualified as an exempt organization would affect the funds available to the Obligated Group for payments to be made under the Loan Agreement and Obligation No. 4. Failure of the Obligated Group or the Issuer to comply with certain requirements of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed with Bond proceeds, could cause interest on the Bonds to be included in the gross income of holders of Bonds or former holders of Bonds for federal income tax purposes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of charitable organizations. There can be, however, no assurance that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the operations and revenues of the Obligated Group by requiring it to pay income taxes.

Intermediate Sanctions. Section 4958 of the Code, provides the IRS with an "intermediate" tax enforcement tool to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Previous to the "intermediate sanctions law," the IRS could punish such violations only through revocation of an entity's tax-exempt status. Intermediate sanctions may be imposed where there is an "excess benefit transaction," defined to include a disqualified person (i.e., a director, officer or other related party) (1) engaging in a non-fair market value transaction with the tax-exempt organization; (2) receiving excessive compensation from the tax-exempt organization; or (3) receiving payment in an arrangement that violates the private inurement proscription. A disqualified person who benefits from an excess benefit transaction will be subject to a "first tier" penalty excise tax equal to 25% of the amount of the excess benefit. Organizational managers who participate in an excess benefit transaction knowing it to be improper are subject to a first-tier penalty excise tax of 10% of the amount of the excess benefit, subject to a maximum penalty of $10,000. A "second tier" penalty excise tax of 200% of the amount of the excess benefit may be imposed on the disqualified person (but not the organizational manager) if the excess benefit transaction is not corrected in a specified time period.

Bond Audit. IRS officials have stated that more resources will be allocated to audits of tax-exempt bonds in the charitable organization sector. The Bonds may be subject to audit, from time to time, by the IRS. The Obligated Group believes that the Bonds properly comply with applicable tax laws and regulations. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Bonds, as described under the heading "TAX MATTERS." No ruling with respect to the tax-exempt status of the Bonds has been or will be sought from the IRS, however, and opinions of counsel are not binding on the IRS or the courts, and are not guarantees. There can be no assurance, therefore, that an audit of the Bonds will not adversely affect the tax-exempt status of the Bonds.

IRS Examination of Compensation Practices. In August 2004, the IRS announced a new enforcement effort to identify and halt abuses by tax-exempt organizations that pay excessive compensation and benefits to their officers and other insiders. In February 2009, the IRS issued its Hospital Compliance Project Final Report (the "IRS Final Report") based on its examination of such tax-exempt organizations. The IRS Final Report indicates that the IRS

(i) will continue to heavily scrutinize executive compensation arrangements, practices and procedures and (ii) in certain circumstances, may conduct further investigations or impose fines on tax-exempt organizations.

Other Tax Status Issues. The IRS has also issued Revenue Rulings dealing specifically with the manner in which a facility providing residential services to the elderly must operate in order to maintain its exemption under Section 501(c)(3). Revenue Rulings 61-72 and 72-124 hold that, if otherwise qualified, a facility providing residential services to the elderly is exempt under Section 501(c)(3) if the organization (1) is dedicated to providing, and in fact provides or otherwise makes available services for, care and housing to aged individuals who otherwise would be unable to provide for themselves without hardship, (2) to the extent of its financial ability, renders services to all or a reasonable proportion of its residents at substantially below actual cost, and (3) renders services that minister to the needs of the elderly and relieve hardship or distress. Revenue Ruling 79-18 holds that a facility providing residential services to the elderly may admit only those tenants who are able to pay full rental charges, provided that those charges are set at a level that is within the financial reach of a significant segment of the Facility's elderly persons, and that the organization is committed by established policy to maintaining persons as residents, even if they become unable to pay the monthly charges after being admitted to the facility.

IRS Form 990. IRS Form 990 is used by 501(c)(3) not-for-profit organizations to submit information required by the federal government for tax-exemption. Form 990 requires detailed public disclosure of compensation practices, corporate governance, loans to management and others, joint ventures and other types of transactions, political campaign activities and other areas the IRS deems to be compliance risk areas. Form 990 also contains a separate schedule requiring detailed reporting of information relating to tax-exempt bonds, including compliance with the arbitrage rules and rules limiting private use of bond-financed facilities, including compliance with the safe harbor guidance in connection with management contracts and research contracts. Form 990 allows for enhanced transparency as to the operations of exempt organizations. It is likely to result in enhanced enforcement, as Form 990 makes available a wealth of detailed information on compliance risk areas to the IRS and other stakeholders, including state attorneys general, unions, plaintiff's class action attorneys, public watchdog groups and others.

Proposed Income Tax Law Changes Affecting Tax Exemption. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. Federal legislation has previously been introduced at various times which, if enacted, would have either limited the exclusion from gross income of interest on obligations like the Bonds to some extent for certain individual taxpayers, or eliminated the federal income tax exemption for interest on new obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

Post-Issuance Compliance. Because the existence and continuation of the excludability of the interest on the Bonds from federal gross income depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under the caption "TAX MATTERS" herein assumes the compliance by the Obligated Group with the provisions of the Code and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the Obligated Group to comply with the provisions of the Code and the regulations thereunder may cause the interest on the Bonds to become includable in gross income as of the date of issuance. For example, federal arbitrage rules require monitoring over the life of the Bonds to ensure that the yield on investments acquired with proceeds of the Bonds are properly restricted and whether the Obligated Group must pay yield reduction and/or rebate payments. Given such requirements, the Obligated Group must actively monitor compliance while the tax-exempt are outstanding to improve their ability to identify, avoid, and/or correct noncompliance that may threaten the tax-exempt status of the Bonds.

Other Legislation. Section 7872 of the Code (Treatment of Loans with Below Market Interest Rates), provides for, in certain circumstances, the imputation of interest income to a lender when the rate of interest charged by the lender is below prevailing market rates (as determined under a formula) or, even if the below market interest rate loan would otherwise be exempt from the provisions of Section 7872, when one of the principal purposes for such below market rate loan is the avoidance of federal income taxation. A refundable entrance fee payment made by a resident to certain continuing care facilities has been determined under Section 7872 to constitute a below market interest rate loan by the resident to the facility to the extent that the resident is not receiving a market rate of interest on the refundable portion of the entrance fee. Section 7872(h) provides a "safe harbor" exemption for certain types of refundable entrance fees. The statutory language of Section 7872 does not permit a conclusive determination as to whether the Residency Agreements come within the scope of the continuing care facility safe harbor or within the statute itself. Provided the Residency Agreement falls within the scope of Section 7872, the safe harbor exemption under Section 7872(h) is applicable (i) if such loan was made pursuant to a continuing care contract, (ii) if the resident (or the resident's spouse) has attained age 62 before the close of the year, and (iii) irrespective of the amount of the "loan" by the resident (or the resident's spouse) to the continuing care facility. Section 425 of the Tax Relief and Health Care Act of 2006 amended Section 7872(h) to make the exemption for loans to qualifying care facilities permanent. Any determination of applicability of Section 7872 could have the effect of discouraging potential residents from becoming or remaining residents of the Facility.

In recent years the IRS and members of Congress have expressed concern about the need for more restrictive rules governing the tax-exempt status of 501(c)(3) organizations generally and of retirement communities in particular. Legislation has been previously introduced restricting the ability of such organizations to utilize tax-exempt bonds unless they maintain a required percentage of low to moderate income residents. Although the Obligated Group has covenanted in the Loan Agreement to take all appropriate measures to maintain the tax-exempt status of each of the Members of the Obligated Group, compliance with current and future regulations and rulings of the IRS could adversely affect the ability of the Obligated Group to charge and collect revenues at the level required by the Loan Agreement and Obligation No. 4, finance or refinance indebtedness on a tax-exempt basis or otherwise generate revenues necessary to provide for payment of the Bonds.

Uncertainty of Investment Income

A portion of the Obligated Group's revenues available to pay debt service is expected to come from investment income and net realized gains on the investment of available funds. The amount of such interest earnings and gains will fluctuate with changes in prevailing interest rates and financial market conditions.

Market for Bonds

It is the present practice of the Underwriter to make a secondary market in the bond issues that it offers. 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. Additionally, 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. While there can be no guarantee or assurance that its present secondary marketing practices will always be continued, the Underwriter presently intends to make a secondary market in the Bonds, subject to the foregoing limitations. Nevertheless, 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.

Credit Ratings

There is no assurance that the credit ratings assigned to any series of 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 of such series. The Rating Agency may revise the criteria under which it rates the Bonds at any time, which revisions could result in significant changes to or withdrawal of the credit rating assigned to any series of the Bonds. In addition, in determining the initial credit rating for the Bonds, and in conducting its annual rating surveillance, the Rating Agency may use assumptions regarding occupancy, revenues, expenses and values related to the Communities that differ materially from those used by the Corporation. Such differences could result in a lowering or withdrawal of the ratings on the Bonds. In addition, there is no requirement or covenant that the Corporation maintains any rating for the Bonds.

Risk of Early Redemption

Purchasers of the Bonds, including those who purchase Bonds at a price in excess of their principal amount or who hold such Bonds trading at a price in excess of par, should consider the fact that the Bonds are subject to optional and mandatory redemption at a redemption price equal to their principal amount plus accrued interest upon the occurrence of certain events. This could occur, for example, in the event that the Bonds are prepaid as a result of a casualty or condemnation award affecting the Community or there is a default under the Mortgage. Under such circumstances, a purchaser of the Bonds whose bonds are called for early redemption may not have the opportunity to hold such Bonds for a time period consistent with such purchaser's original investment intentions and may lose any premium paid for the Bonds.

Risk of Loss Upon Redemption

The rights of Beneficial Owners to receive interest on the Bonds will terminate on the date, if any, on which such Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Bond Indenture, and interest on such Bonds will no longer accrue on and after such date of redemption. There can be no assurance that the Obligated Group will be able or will be obligated to pay for any amounts not available under the Bond Indenture. In addition, there can be no guarantee that present provisions of the Code or the rules and regulations thereunder will not be adversely amended or modified, thereby rendering the interest earned on the Bonds taxable for federal income tax purposes. Interest earned on the principal amount of the Bonds may or may not be subject to state or local income taxes under applicable state or local tax laws. Each prospective purchaser of Beneficial ownership Interests in the Bonds should consult his or her own tax advisor regarding the taxable status of the Bonds in a particular state or local jurisdiction.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the Obligated Group:

1. Litigation;

2. Reinstatement or establishment of mandatory governmental wage rent or price controls;

3. Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, given an inability to obtain corresponding increases in revenues from residents whose incomes will largely be fixed;

4. Unionization, employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without a corresponding increase in revenues;

5. Adoption of other federal, state or local legislation or regulations having an adverse effect on the future operating or financial performance of the Obligated Group;

6. The cost and availability of energy;

7. Increased unemployment or other adverse economic conditions in the service areas of the Obligated Group which would increase the proportion of patients who are unable to pay fully for the cost of their care;

8. Any increase in the quantity of indigent care provided which is mandated by law or required due to increased needs of the Community in order to maintain the charitable status of the Obligated Group;

9. Inflation or other adverse economic conditions;

10. Changes in tax, pension, social security or other laws and regulations affecting the provisions of health care and other services to the elderly;

11. Inability to control the diminution of patients' assets or insurance coverage with the result that the patients' charges are reimbursed from government reimbursement programs rather than private payments;

12. The actuarial assumptions regarding life expectancy and inflation used by the Corporation to calculate Entrance Fees and Monthly Service Fees prove inaccurate. See "RISK FACTORS – Uncertainty of Occupancy and Entrance and Service Fee Collection" herein for an additional discussion of certain other risks related to the collection and sufficiency of Entrance Fees and Monthly Service Fees;

13. The occurrence of natural disasters, including hurricanes, volcanic eruptions and typhoons, floods or earthquakes, or failures of storm water detention devices during such naturally occurring events, which may damage the facilities of the Obligated Group, interrupt utility service to the facilities, or otherwise impair the operation and generation of revenues from said facilities; or

14. Cost and availability of any insurance, such as malpractice, fire, automobile and general comprehensive liability that organizations, such as the Obligated Group, generally carry.

FLORIDA REGULATION OF CONTINUING CARE FACILITIES

Continuing care facilities in Florida are regulated by OIR under the provisions of Chapter 651, Florida Statutes, as amended ("Chapter 651"), which defines "continuing care" as the furnishing pursuant to an agreement shelter, food and either nursing care or certain personal services, whether such nursing care or personal services are provided in the facility or in another setting designated by the agreement for continuing care, to an individual not related by consanguinity or affinity to the provider furnishing such care, upon payment of an entrance fee. Agreements to provide continuing care include agreements to provide care for any duration, including agreements that are terminable by either party. "Personal services" include, but are not limited to, such services as individual assistance with or supervision of essential activities of daily living but do not include the provision of medical, nursing, dental, or mental health services "Entrance fee" means an initial or deferred payment of a sum of money or property made as full or partial payment for continuing care. An accommodation fee, admission fee, member fee, or other fee of similar form and application is considered to be an entrance fee. "Initial entrance fee" means the total Entrance Fee charged by a facility to the first occupant of a unit.

The Florida Legislature enacted legislation known as House Bill 1033 ("HB 1033") during its 2019 legislative session, which Florida Governor DeSantis signed into law. Most provisions of HB 1033 became effective as of January 1, 2020. HB 1033 provides a number of revisions to Chapter 651 that will impact the regulation of continuing care retirement communities ("CCRCs") in Florida, including the Community. On September 30, 2019, a Notice of Rule Development by the OIR was issued for the purpose of updating certain applicable provisions of the Florida Administrative Code found under Chapter 690-193. See "Required Reserves" below

Certificate of Authority

Chapter 651 provides that no person may engage in the business of providing continuing care or enter into continuing care agreements or construct a facility for the purpose of providing continuing care without a certificate of authority issued by OIR. A final certificate of authority may be issued after the applicant has provided OIR with the information and documents required by Chapter 651. Once issued, a certificate of authority is valid as long as the OIR determines that the provider continues to meet the requirements of Chapter 651. Annual reports containing financial and other information about the provider and the facility are required to be filed with the OIR annually on or before each May 1 or 120 days after the end of the provider's fiscal year of such a determination if the OIR agrees to this upon the provider's licensure. If a provider fails to correct deficiencies within 20 days of notice from the OIR, and if the time for correction is not extended, the OIR may institute delinquency proceedings against the provider, as described below.

Required Reserves

Chapter 651 requires that each continuing care provider maintain: (a) a debt service reserve in an amount equal to the principal and interest payments becoming due during the current fiscal year (12 months' interest on the financing if no principal payments are currently due) on any mortgage loan or other long term financing and including property taxes and insurance; (b) an operating reserve in an amount equal to 30% of the total operating expenses projected in the feasibility study required by Chapter 651 for the first 12 months of operation. Thereafter, the operating reserve must be equal to 15% of the total operating expenses in the annual report filed pursuant to Chapter 651, and if the provider has been in operation for more than 12 months, it must hold 15% of the facility's average total annual operating expenses set forth in the annual reports filed pursuant to Chapter 651 for the immediate preceding three-year period, subject to adjustment in the event there is a change in the number of facilities owned; and (c) a renewal and replacement reserve in an amount equal to 15% of the total accumulated depreciation based on the audited financial statements included in the facility's annual report filed pursuant to Chapter 651, not to exceed 15% of the facility's average operating expenses for the past three fiscal years based on the audited financial statements for each of such years.

These reserves are required to be held in a segregated escrow account maintained with a Florida bank, Florida savings and loan association, Florida trust company, or a national bank that is chartered and supervised by the Office of the Comptroller of the Currency within the United States Department of Treasury and that has a branch in the state of Florida, and is acceptable to the OIR or the funds can be held with the Department of Financial Services and, in the case of the operating reserve, must be in an unencumbered account held in escrow for the benefit of the Residents. A debt service reserve fund and a renewal and replacement fund and operating reserve fund (collectively, the "Minimum Liquid Reserve Accounts") established with a commercial bank, as escrow agent, are intended to meet the requirements of Chapter 651 for those reserves (the "Required Reserves"). The Required Reserves also include a reserve for property taxes. The Corporation has designated _____________ as the Chapter 651 Escrow Agent.

Chapter 651 requires the escrow agent holding the Required Reserves to deliver to the provider quarterly reports on the status of the escrow funds, including balances, deposits, and disbursements. Chapter 651 currently provides that withdrawals can be made from the Required Reserves. A provider may withdraw funds held in escrow without the approval of the OIR if the amount held in escrow exceeds the requirements of this section and if the withdrawal will not affect compliance with this section. For all other proposed withdrawals, in order to receive the consent of the OIR, the provider must file documentation showing why the withdrawal is necessary for the continued operation of the facility and such additional information as the OIR reasonably requires. The OIR shall notify the provider when the filing is deemed complete. If the provider has complied with all prior requests for information, the filing is deemed complete after 30 days without communication from the OIR. Within 30 days after the date a file is deemed complete, the OIR shall provide the provider with written notice of its approval or disapproval of the request. The OIR may disapprove any request to withdraw such funds if it determines that the withdrawal is not in the best interest of the residents, except that in an emergency, the provider may petition the OIR to allow a withdrawal of up to 33% of the replacement reserves amount (a waiver being deemed granted if not denied by the OIR within three working days) to be used only for capital items or major repairs. Any withdrawals must be repaid within 36 months. Fines may be imposed for failure to deliver the quarterly reports or notices of withdrawal within the required time periods.

The Obligated Group may withdraw funds then in deposit in excess of the Minimum Liquid Reserve requires without the OIR's consent. If the Required Reserves fall below the minimum requirement at the end of any fiscal quarter due to a change in market value of the invested funds, the continuing care provider is required to fund the shortfall within ten business days. The Required Reserves may be transferred into the custody of Florida's Department of Financial Services if the continuing care provider is insolvent or impaired.

The Minimum Liquid Reserve Accounts are not held by the Bond Trustee or Master Trustee and are not pledged as security for the holders of the Bonds or the Series 2015 Bonds.

Continuing Care Agreements and Residents' Rights

Chapter 651 prescribes certain requirements for continuing care agreements and requires OIR approval of the form of an agreement before it is used and of any changes to the terms of an agreement once it has been approved. In addition to requiring that the agreement state the amounts payable by the resident, the services to be provided and the health and financial conditions for acceptance of a resident, Chapter 651 requires that the agreement may be canceled by either party upon at least 30 days' notice. A provider that does not give its residents a transferable membership right or ownership interest in the facility may retain 2% of the entrance fee per month of occupancy prior to cancellation, plus a processing fee not exceeding 5% of the entrance fee and must pay the refund within 120 days of notice of cancellation or 90 days if the contract was entered into on or after January 1, 2016. The Residency Agreements for the Community will meet the requirements of this provision.

Chapter 651 requires that a prospective resident have the right to cancel without penalty a continuing care agreement within seven days of signing the continuing care agreement. During this seven-day period, any entrance fee or deposit must be held in escrow or, at the request of the prospective resident, held by the provider in the form of an uncashed check. If the prospective resident rescinds the continuing care contract during the seven-day rescission period, the entrance fee or deposit must be refunded to the prospective resident without deduction and any uncashed checks will be immediately returned to such prospective resident. Upon the expiration of the seven-day period, the provide will deposit the check. If cancellation occurs after seven days, but prior to occupancy, the entire entrance fee must be refunded, less a processing fee not exceeding 5%, within 60 days of notice of cancellation. However, if cancellation occurs prior to occupancy due to death, illness, injury or incapacity of the prospective resident, the entire entrance fee must be refunded, less any costs specifically incurred by the provider at the written request of the resident.

Chapter 651 further requires that no contract for care shall permit dismissal or discharge of a resident from the facility providing care before the expiration of the contract, without just cause for such removal. Failure to pay monthly maintenance fees will not be considered just cause until such time as the amounts paid by the resident, plus any benefits under Medicare or third-party insurance, exceed the cost of caring for the resident, based on the per capita cost to the facility (which cost may be adjusted proportionately for amounts paid above the minimum charge for above-standard accommodations).

Chapter 651 also contains provisions giving residents the right: to form residents' organizations and choose representatives, to attend quarterly meetings with the provider; and to inspect the provider's annual reports to the OIR and any examination reports prepared by the OIR or any other governmental agencies (except those which are required by law to be kept confidential). In addition, each contract must provide for advance notice to the resident, of at least 60 days, before any change in fees or charges or the scope of care or services is effective, except for changes required by state or federal assistance programs. Prior to the implementation of any increase in the monthly maintenance fee, the provider must provide, at a quarterly meeting of the residents, the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for all Urban Consumers, all items, Class A Areas of the Southern Region. Residents must also be notified of any plans filed with the OIR relating to expansion of the facility or any additional financing or refinancing.

Examinations and Delinquency Proceedings

The OIR is required to examine the business of each continuing care provider at least once every three years, in the same manner as provided under Florida law for examination for insurance companies. Inspections may also be requested by any interested party. The OIR is required to notify the provider of any discrepancies and to set a reasonable time for corrective action and compliance by the provider.

The OIR may deny, suspend, or revoke a certificate of authority for various grounds relating to: the insolvent condition of the provider or the provider's being in a condition which renders its conduct of further business hazardous or injurious to the public; lack of one or more of the qualifications for a certificate of authority; material misstatements, misrepresentation, fraud, misappropriation of moneys or demonstrated lack of fitness or untrustworthiness; violations of Chapter 651 or any regulation or order of the OIR; or refusal to permit examination or to furnish required information.

Suspension of a certificate of authority may not exceed one year, during which period the provider may continue to operate and must file annual reports but may not issue new continuing care agreements. At the end of the suspension period, the certificate of authority is to be reinstated, unless the OIR finds that the causes for suspension have not been removed or that the provider is otherwise not in compliance with Chapter 651 (in which event the certificate of authority is deemed to have been revoked as of the end of the suspension period or upon failure of the provider to continue the certificate during the suspension period, whichever event first occurs). In lieu of suspension, administrative fines may be levied, not exceeding $1,000 per violation, or $10,000 per violation for knowing and willful violations.

If the OIR finds that sufficient grounds exist as to a continuing care provider for the rehabilitation (*i.e*., receivership), liquidation, conservation, reorganization, seizure or summary proceedings of an insurer as provided under Florida law pertaining to insurance companies, the OIR may petition for an appropriate court order or pursue such other relief as is afforded under Part I of Chapter 631, Florida Statutes, as amended (the "Insurers Rehabilitation and Liquidation Act"), for insurance companies generally. Such grounds include, but are not limited to, insolvency or failure or refusal to comply with the OIR's requirements.

Chapter 651 provides that the rights of the OIR are subordinate to the rights of a trustee or lender pursuant to an indenture, loan agreement, or mortgage securing bonds issued to finance or refinance the facility in the event of a receivership or liquidation. However, if the OIR has been appointed as receiver of the facility, the court having jurisdiction over the receivership proceeding is authorized to enjoin a secured creditor from seeking to dispose of the collateral securing its mortgage for up to 12 months, upon a showing of good cause, such as a showing that the collateral should be retained in order to protect the life, health, safety or welfare of the residents or to provide sufficient time for relocation of the residents.

If a trustee or lender becomes the mortgagee under the Mortgage pursuant to a foreclosure sale or otherwise through the exercise of remedies upon the default of the mortgagor, the rights of a resident of any portion of the applicable Mortgaged Property governed by Chapter 651, Florida Statutes, under a continuing care agreement, will be honored and will not be disturbed or affected (except as described below) as long as the trustee or lender agrees that the rights of residents will be honored and will not be disturbed by a foreclosure or conveyance in lieu thereof as long as the resident continues to comply with all provisions of the continuing care agreement and has asserted no claim inconsistent with the rights of the trustee or lender. In such event, the OIR will not exercise its remedial rights provided under Chapter 651 with respect to the facility, including its right to enjoin disposal of the facility as described in the preceding paragraph. Upon acquisition of a facility by a trustee or lender pursuant to remedies under the Mortgage and evidence satisfactory to the OIR that the trustee or lender is in compliance with the agreements with the residents, the OIR will issue a 90-day temporary certificate of authority to operate the facility, provided that the trustee or lender will not be required to continue to engage in the marketing or resale of new continuing care agreements, pay any refunds of entrance fees otherwise required to be paid under a resident's continuing care agreement until expiration of such 90-day period, be responsible for acts or omissions of the operator of the facility arising prior to the acquisition of the facility by the trustee or lender, or provide services to the residents to the extent that the trustee or lender would be required to advance funds that have not been designated or set aside for such purposes.

Regulatory Action Level Events and Impairment; Management Contracts

Effective on January 1, 2020, Chapter 651 now contains a two-tiered early warning system to notify the OIR of impaired continuing care providers. The occurrence of <u>at least two</u> of the following events as of a continuing care provider's most recent annual report will trigger a regulatory action level event ("Regulatory Action Level Event"):

(1) The continuing care provider's debt service coverage ratio is less than (i) the <u>greater of</u> the minimum ratio in the provider's lending agreement or (ii) 1.20:1. If there is not requirement, 1.20:1 is the minimum.

(2) The days cash on hand is less than (i) the <u>greater of</u> the minimum days cash on hand in the provider's lending agreement or (ii) 100 days. If there is no requirement, 100 days is the minimum. Days cash on hand includes the Minimum Liquid Reserve funds and is calculated by dividing the value of (a) the sum of unrestricted cash, unrestricted short-term and long-term investments, provider restricted funds, and the minimum liquid reserve as of the reporting date by the value of (b) operating expenses less depreciation, amortization, and other noncash expenses and non-operating losses divided by 365. Operating expenses, depreciation, amortization, and other noncash expenses and non-operating losses are each the sum of their respective values over the 12-month period ending on the reporting date.

(3) Occupancy is less than 80% averaged over the 12-month period preceding the filing of the provider's annual report.

If a Regulatory Action Level Event has occurred, the continuing care provider must submit a corrective action plan or revised corrective action plan within 30 days after the occurrence of such event. Thereafter, the OIR must approve or disapprove the corrective action plan with 45 business days in accordance with Section 651.034 of Florida

Statutes. The OIR must perform an examination or analysis before issuing a corrective order, if necessary, with any actions the OIR determines are required.

If a continuing care provider is determined to be "impaired" by the OIR, the OIR may place the provider under regulatory control, including any remedy available under general insurance law pertaining to receivership and rehabilitation of insolvent insurers. An impairment is sufficient grounds for the OIR to appoint a receiver. The OIR may forego action up to 180 days for "impairment" if there is a reasonable expectation that such impairment may be eliminated within 180 days.

(1) A provider is impaired if it fails to meet the minimum liquid reserve requirements of Chapter 651.

(2) Beginning January 1, 2021, a provider is also impaired if (a) it has mortgage financing from a third-party lender or a public bond issue has a debt service coverage ratio of less than 1.00:1 and the continuing care provider's days cash on hand is less than 90, or (b) it does not have mortgage financing from a third-party lender or public bond issue has days cash on hand of less than 90.

Chapter 651 outlines the calculation of the debt service ratio and days cash on hand for use in the above tests.

Within 45 days after the end of each fiscal quarter, each continuing care provider must file a quarterly unaudited financial statement of the provider and days cash on hand, occupancy, debt service coverage ratio, a detailed listing of the assets maintained in the Required Reserves, and other information required by the OIR. The last quarterly statement for a fiscal year is not required if a continuing care provider does not have pending a Regulatory Action Level Event, Impairment, or a corrective action plan. If a continuing care provider falls below two or more of the thresholds set forth in Section 651.011(25) above, at the end of any fiscal quarter, the continuing care provider must submit to the OIR, at the same time as the quarterly statement, an explanation of the circumstances and a description of the actions it will take to meet the requirements.

HB 1033 also adds a new section providing the OIR with management company oversight. All management contracts entered into after July 1, 2019, must contain a provision that the contract will be cancelled upon issuance of an order by the OIR without a cancellation fee or penalty. Providers are required to notify the OIR of any change in management within ten (10) business days. For a provider that is found to be impaired or that has a Regulatory Action Level Event pending, the OIR may disapprove new management and order the provider to remove the new management after its review of the required information. For providers which are not impaired or subject to a Regulatory Action Level Event, the OIR may remove new management after receiving the required information if it finds (i) the new management is incompetent or untrustworthy; (ii) the new management is so lacking in managerial experience as to make the proposed operation hazardous to the residents or potential residents; (iii) the new management is so lacking in experience, ability, and standing as to jeopardize the reasonable promise of successful operation; or (iv) has good reason to believe that the new management is affiliated directly or indirectly with any person whose business operations are or have been marked by manipulation of assets or accounts or by bad faith, to the detriment of residents, stockholders, investors, creditors, or the public. If the OIR disapproves of new management, such manager must be removed by the provider within 30 days.

Upon determination by the OIR that a provider is not in compliance with Chapter 651, a corrective plan may be formulated by the OIR. Section 651.114(11) provides that the rights of the OIR under that section are subordinate to the rights of a trustee or lender pursuant to the terms of a resolution, ordinance, loan agreement, indenture of trust, mortgage, lease, security agreement, or other instrument creating or securing bonds or notes issued to finance a facility, and the OIR, subject to its right to override its suspension of remedial rights as described below, may not exercise its remedial rights provided under Chapter 651 to a facility that is subject to a lien, mortgage, lease, or other encumbrance or trust indenture securing bonds or notes issued in connection with the financing of the facility, if the trustee or lender, by inclusion or by amendment to the loan documents or by a separate contract with the OIR, agrees that the rights of residents under a continuing care or continuing care at-home contract will be honored and will not be disturbed by a foreclosure or conveyance in lieu thereof as long as the resident meets certain conditions stated therein. The OIR can override its suspension of its remedial rights, if, at any time (a) the trustee or lender is not in compliance with the agreed upon amendment or contract; (b) a lender or trustee has assigned or has agreed to assign all or a portion of a delinquent or defaulted loan to a third party without the OIR's written consent; (c) the provider engaged in the misappropriation, conversion, or illegal commitment or withdrawal of minimum liquid reserve or escrowed funds required under Chapter 651; (d) the provider refused to be examined by the OIR; or (e) the provider refused to produce any relevant accounts, records, and files requested as part of an examination.

Rules 69O-193.002, .003, .005, 006, and..012 were adopted March 12, 2020; and former Rule 69O-193.007, .010, and .015 were repealed as of March 12, 2020.

Florida Licensure

The health care components of the Community are licensed by AHCA. The health facilities are required to undergo at least one annual unannounced inspection by AHCA to determine compliance with applicable statutes and rules promulgated thereunder which govern minimum standards of construction, quality, adequacy of care and rights of residents. In addition, AHCA will at least annually evaluate the health facilities to determine compliance with applicable licensure requirements and standards as a basis for assigning a rating to such facilities. In addition, the Obligated Group is required to submit an annual financial statement and statement of ownership to AHCA, as well as maintaining a certificate of authority from the Department. Under Florida Statutes, the administrator of the health facilities is required to be and is licensed as a nursing home administrator.

FINANCIAL REPORTING AND CONTINUING DISCLOSURE

Financial Reporting

In the Master Indenture, the Obligated Group covenants that it will:

(a) Within 30 days after receipt of the audit report mentioned below but in no event later than 150 days after the end of each Fiscal Year, file with the Master Trustee, a copy of the Financial Statements of the Obligated Group as of the end of such Fiscal Year accompanied by the opinion of an Accountant.

(b) Within 30 days after receipt of the audit report mentioned above but in no event later than 150 days after the end of each Fiscal Year, file with the Master Trustee [and with each Holder who may have so requested or on whose behalf the Master Trustee may have so requested], an Officer's Certificate and a report of an Accountant stating the Long-Term Debt Service Coverage Ratio and the Days' Cash on Hand for such Fiscal Year and (in the case of the Officer's Certificate) stating whether, to the best of the knowledge of the signer of such Officer's Certificate, any Member of the Obligated Group is not in compliance with any covenant contained in this Master Indenture and, if so, specifying each such failure to comply of which the signer may have knowledge and the steps that are being taken by the Obligated Group to cure such non-compliance.

(c) Within (i) 45 days after the close of the first three fiscal quarters and (ii) 60 days, in the case of the final fiscal quarter of each Fiscal Year, file with the Master Trustee, quarterly unaudited consolidated statements of the Obligated Group's operations including a balance sheet, (showing consolidated financial results for each member of the Obligated Group), statement of operations, statement of changes in net assets, and statement of cash flows for the most recent quarter ended in year-to-date for the current fiscal year, and comparing budgeted to actual operations, including consolidating statement showing the financial results for each Member of the Obligated Group.

(d) Within 30 days prior to the start of each Fiscal Year, the Obligated Group representative shall file or cause to be filed with the Master Trustee the annual budget for each Member of the Obligated Group. Material amendments thereto shall be filed within 45 days after the approval of the Governing Body.

(e) Within 45 days of the end of each fiscal quarter (60 days, in the case of the final fiscal quarter of each Fiscal Year), the Obligated Group Representative shall file or cause to be filed with the Master Trustee occupancy reports indicating the actual occupancy of the Community as a percentage of capacity.

(f) Promptly upon the occurrence of any material event as to which notice is required to be reported pursuant to Securities and Exchange Commission Rule 15c2-12 to nationally recognized municipal securities information repositories shall be filed therewith and with the Master Trustee.

(g) Within 45 days of the end of each fiscal quarter, the Obligated Group Representative shall certify compliance by all Members of the Obligated Group with the covenants, agreements and obligations under this Master Indenture.

(h) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs, including those of any Member of the Obligated Group, as the Master Trustee may from time to time reasonably request, excluding, specifically, donor records, patient records, personnel records and records subject to attorney-client privilege and (ii) provide access to the Facilities, Gross Revenues, Facility Property and Equipment, and the Mortgaged Property for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(i) Unless required to be delivered at an earlier time, within 30 days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of this Master Indenture requires to be prepared by a Management Consultant or an Insurance Consultant.

(j) Within 30 days after the beginning of each Fiscal Year, file with the Master Trustee an Opinion of Counsel which shall state whether there are required to be filed in any office within the period of 12 full consecutive calendar months following the date of such Opinion of Counsel financing statements, including continuation statements, in order to continue the perfection of the security interests granted hereunder. In giving this Opinion of Counsel, counsel may rely on an Officer's Certificate of an Obligated Group Representative stating whether any transaction contemplated under this Article has occurred within the period of 12 full consecutive calendar months preceding the date of such Officer's Certificate or is expected to occur within the period of 12 full consecutive calendar months following the date of such Officer's Certificate.

Continuing Disclosure

The Corporation will enter into a Continuing Disclosure Certificate, pursuant to which the Corporation will covenant that, in compliance with Rule 15c2-12(b)(5) (the "Rule") of the Securities Exchange Act of 1934, it will deliver to EMMA certain reports described therein. The form of the Continuing Disclosure Certificate is included as Appendix D hereto. The Corporation has previously entered into an agreement with respect to the Series 2015 Bonds to provide continuing disclosure. The Corporation materially complied with the requirements of that agreement.

LITIGATION

Issuer

There is not now pending or, to the Issuer's knowledge, threatened any litigation restraining or enjoining the issuance or delivery of the Bonds or the execution and delivery by the Issuer of the Bond Indenture or the Loan Agreement, or questioning or affecting the validity of the Bonds or the security therefor or the proceedings or authority under which they are or are to be issued, respectively.

Obligated Group

The Corporation, like other similar entities, are subject to a variety of suits and proceedings arising in the ordinary conduct of their affairs. The Corporation, after reviewing the current status of all pending and threatened litigation, believe that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the Corporation are adequately covered by insurance or self-insurance reserves established by the Corporation or will not have a material adverse effect upon the financial position or results of operations of any of the Corporation.

There is no litigation pending or, to the Obligated Group's knowledge, threatened against the Obligated Group, wherein an unfavorable decision would (i) adversely affect the ability of the Obligated Group to construct the Community or to operate its facilities or to carry out its obligations under the Master Indenture, the Loan Agreement or the Mortgage or (ii) would have a material adverse impact on the financial position or results of operations of the Obligated Group.

LEGAL MATTERS

Bryant Miller Olive P.A., Tampa, Florida, has served as bond counsel with respect to the issuance of the Bonds. Bond counsel will render an opinion with respect to the Bonds in substantially the form attached as Appendix E. The opinion of bond counsel should be read in its entirety for a complete understanding of the scope of the opinion and the conclusions expressed. Delivery of the Bonds is contingent upon the delivery of the opinion of bond counsel.

Certain legal matters will be passed upon for the Issuer by the City Attorney; for the Corporation by its counsel, Gray Robinson LLP, Tampa, Florida; and for the Underwriter by its counsel, Butler Snow LLP, Atlanta, Georgia.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General. The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the Closing Date, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Issuer has covenanted in the Indenture, the Corporation has covenanted in the Loan Agreement to comply with such requirements in order to maintain the exclusion from federal gross income for federal income tax purposes of the interest on the Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Bonds; (iii) the inclusion of interest on the Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on the Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Issuer in the Indenture, the Corporation in the Loan Agreement, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Bonds and of the property financed thereby) and on the opinions being delivered by counsel to the Corporation in connection with the delivery of the Bonds with respect to the Corporation being an organization described in Section 501(c)(3) of the Code, without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

<u>Other Tax Matters</u>. During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of owning the Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

<u>Information Reporting and Backup Withholding</u>. Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

<u>Tax Treatment of Original Issue Discount</u>. Under the Code, the difference between the maturity amount of the Bonds maturing on ___________, 20__, and ___________, 20__ (collectively, the "Discount Bonds"), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity and, if applicable, interest rate, was sold is "original issue discount." Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

<u>Tax Treatment of Bond Premium</u>. The difference between the principal amount of the Bonds maturing on ___________, 20__ (the "Premium Bonds"), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest

rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

FINANCIAL STATEMENTS

The audited financial statements of the Obligated Group as of and for the Fiscal Years ended December 31, 2019 are included as Appendix B to this Official Statement. Such financial statements have been audited by RSM US LLP, independent auditors, as stated in their report appearing in Appendix B to this Official Statement.

RATING

Fitch Ratings, Inc. ("Fitch") has assigned the Bonds a long-term rating of "____." An explanation of the significance of any rating may be obtained only from Fitch at the following address: Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. The rating reflects only the view of Fitch at the time the rating was given. The rating is not a recommendation to buy, sell or hold the Bonds and should be evaluated independently. There is no assurance that such rating will not be withdrawn or revised downward by Fitch. Any such action may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

Hamlin Capital Advisors LLC ("HCA") is acting as financial advisor to the Corporation with respect to the Bonds. HCA has not prepared any portion of the Offering Memorandum and is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness or fairness of the information contained in this Offering Memorandum. HCA is a financial advisory firm and is not engaged in the business of underwriting, creating or distributing securities.

UNDERWRITING

The Bonds are being purchased by Herbert J. Sims & Co., Inc., as Underwriter, for a purchase price of $_____________ (representing the principal amount of the Bonds minus an underwriter's discount of $______________ plus net original issue premium of $_______________), plus accrued interest on the Bonds, pursuant to a Bond Purchase Agreement, entered into by and between the Issuer and the Underwriter as approved by the Obligated Group (the "Bond Purchase Agreement"). The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The obligations of the Underwriter to accept delivery of the Bonds are subject to various conditions contained in the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any Bonds are purchased.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its respective affiliates have provided, and may in the future provide, a variety of these services to persons and entities who may have relationships with the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own accounts and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and instruments of the Issuer (directly, as collateral securing other obligations or otherwise) and persons and entities with relationships with the Issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and short positions in such assets, securities and instruments.

MISCELLANEOUS

The references herein to the Act, the Bond Indenture, the Loan Agreement, the Master Indenture, the Mortgage and other documents are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials, copies of which will be furnished by the Underwriter or the Bond Trustee upon request for further information. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. The attached appendices are integral parts of this Official Statement and should be read in their entirety together with all of the foregoing statements. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Series 2020 Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Bonds.

The information assembled in this Official Statement has been supplied by the Corporation and other sources believed to be reliable, and, except for the statements under the headings "THE ISSUER," and "LITIGATION – The Issuer," the Issuer makes no representations with respect to nor warrants the accuracy of such information. The Corporation has agreed to indemnify the Issuer and the Underwriter against certain liabilities relating to the Official Statement.

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Signature Page

The execution, delivery and distribution of this Official Statement have been duly authorized by the Corporation.

JOHN KNOX VILLAGE OF FLORIDA, INC.

By: ______________________________
Name:
Title:

APPENDIX A TO PRELIMINARY OFFICIAL STATEMENT

INFORMATION CONCERNING THE OBLIGATED GROUP

[INTENTIONALLY OMITTED]

APPENDIX B TO PRELIMINARY OFFICIAL STATEMENT

AUDITED FINANCIAL STATEMENTS

[INTENTIONALLY OMITTED]

APPENDIX C TO PRELIMINARY OFFICIAL STATEMENT

FORMS OF PRINCIPAL FINANCING DOCUMENTS

[INTENTIONALLY OMITTED]

APPENDIX D TO PRELIMINARY OFFICIAL STATEMENT

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[INTENTIONALLY OMITTED]

APPENDIX E TO PRELIMINARY OFFICIAL STATEMENT

PROPOSED FORM OF BOND COUNSEL OPINION

[INTENTIONALLY OMITTED]

APPENDIX F TO PRELIMINARY OFFICIAL STATEMENT

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Corporation believes the source of such information to be reliable, but neither the Corporation nor the Issuer take any responsibility for the accuracy or completeness thereof.

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, as hereinafter defined (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

"DTC Participants" means the securities brokers and dealers, banks, trust companies, and clearing corporations, which may include underwriters, agents, or dealers that clear through or maintain a custodial relationship with any of the foregoing, either directly or indirectly.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

General

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Authority ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Bond Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Bond Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer 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 depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through

DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Indentures will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the Issuer or the Underwriter.

Effect of Termination of Book-Entry Only System

In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the Issuer, the following provisions will be applicable to the Bonds. The Bonds may be exchanged for an equal aggregate principal amount of the Bonds in authorized denominations and of the same maturity upon surrender thereof at the principal office for payment of the Bond Trustee. The transfer of any Bond may be registered on the books maintained by the Bond Trustee for such purpose only upon the surrender of such Bond to the Bond Trustee with a duly executed assignment in form satisfactory to the Bond Trustee. For every exchange or transfer of registration of Bonds, the Bond Trustee and the Issuer may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer. The Issuer shall pay the fee, if any, charged by the Bond Trustee for the transfer or exchange. The Bond Trustee will not be required to transfer or exchange any Bond after its selection for redemption. The Issuer and the Bond Trustee may treat the person in whose name a Bond is registered as the absolute owner thereof for all purposes, whether such Bond is overdue or not, including for the purpose of receiving payment of, or on account of, the principal of, premium, if any, and interest on, such Bond.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Bond Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting.

Under the Bond Indenture, payments made by the Bond Trustee to DTC or its nominee will satisfy the Issuer's respective obligations under the Bond Indenture and the Obligated Group's respective obligations under the Loan Agreement to the extent of the payments so made.

None of the Issuer, the Underwriter nor the Bond Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Bond including, without limitation, any notice of redemption, tender, purchase or any event that would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Bond or (iv) any consent given by DTC as registered owner.

Prior to any discontinuation of the book-entry only system described above, the Issuer and the Bond Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds, and (iv) the selection of Bonds for redemption. The Issuer and the Bond Trustee cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds, paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the Holders of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholder of the Bonds for all purposes under the Bond Indenture.

The Issuer may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders.
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