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Agenda Item #: **5A-1**

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: 10/2/2007

Consent Regular
 Public Hearing

Department

Submitted By: COUNTY ATTORNEY

Submitted For:

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to adopt: a resolution authorizing the issuance of up to \$9,500,000 Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds") for the purpose of financing a portion of the cost of acquisition and construction of office and outpatient treatment facilities to be owned and operated by Caron Foundation of Florida, Inc. and the costs of leasehold improvements to certain apartment facilities leased by such corporation; approving the form of and authorizing the execution of a loan agreement, indenture of trust and a bond purchase agreement; awarding the sale of the Bonds by a negotiated sale; approving a trustee for the Bonds; authorizing certain officials and employees of the County to take all actions required in connection with the issuance of the Bonds; making certain other covenants and agreements in connection with the issuance of the Bonds and providing an effective date.

Summary: On August 21, 2007, the Board of County Commissioners approved the application of Caron Foundation of Florida, Inc. (the "Company") for the issuance of the Bonds. Proceeds of the Bonds will be used to (i) pay the costs of acquisition, construction, installation and furnishing of certain leasehold improvements to the apartment facilities known as Fairways on the Green located at 2101 Lawson Boulevard, Delray Beach, Florida; (ii) pay the costs of the acquisition, build-out, installation and furnishing of an office and outpatient treatment facility known as Beacon Square located at 8051 Congress Avenue, Boca Raton, Florida and (iii) pay the costs of issuance of the Bonds. The Bonds will be payable solely from revenues derived from the Company. **Neither the taxing power nor the faith and credit of the County, nor any County funds, shall be pledged to pay principal or redemption premiums, if any, or interest on the Bonds.** District 4. (PFK)

Background and Justification: The resolution authorizes the issuance of the Bonds and approves the form of and authorizes the execution of the documents required for this project. The Bonds will be credit-enhanced by a letter of credit issued by Wachovia Bank, National Association.

Attachment:

1. Resolution

Recommended by: _____


Department Director

Date

8/23/07

Approved by: _____

N/A

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2007	2008	2009	2010	2011
Capital Expenditures	—	—	—	—	—
Operating Costs	—	—	—	—	—
External Revenues	<u>(\$10,000)</u>	—	—	—	—
Program Income (County)	—	—	—	—	—
In-Kind Match (County)	—	—	—	—	—
NET FISCAL IMPACT	<u>(\$10,000)</u>	—	—	—	—
# ADDITIONAL FTE POSITIONS (Cumulative)	—	—	—	—	—

Is Item Included in Current Budget? Yes ___ No X

Budget Account No.: Fund ___ Department ___ Unit ___ Object ___

Reporting Category ___

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review: All costs to be borne by Applicant. No fiscal impact cost to Palm Beach County. Palm Beach County will receive \$10,000 in industrial development revenue bond fees as well as legal fees for services rendered in reviewing this project.

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

John A. Long 8/22/07
 OFMB *CV* 8/15/07

N/A
 Contract Dev. and Control

B. Legal Sufficiency:

Paul F. Jones 8/14/07
 Assistant County Attorney

C. Other Department Review:

 Department Director

THIS SUMMARY IS NOT TO BE USED AS A BASIS FOR PAYMENT.

RESOLUTION NO. R-2007-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA AUTHORIZING THE ISSUANCE OF ITS \$9,500,000 VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2007 (CARON FOUNDATION OF FLORIDA, INC. PROJECT) FOR THE PURPOSE OF FINANCING A PORTION OF THE COST OF (1) ACQUISITION, BUILD-OUT, INSTALLATION AND FURNISHING OF AN OFFICE AND OUTPATIENT TREATMENT FACILITY OWNED AND OPERATED BY CARON FOUNDATION OF FLORIDA, INC. AND (2) ACQUISITION, CONSTRUCTION, INSTALLATION AND FURNISHING OF CERTAIN LEASEHOLD IMPROVEMENTS TO CERTAIN APARTMENT FACILITIES LEASED BY CARON FOUNDATION OF FLORIDA, INC.; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT, INDENTURE OF TRUST AND BOND PURCHASE AGREEMENT; AWARDED THE SALE OF THE BONDS BY A NEGOTIATED SALE; APPROVING A TRUSTEE FOR THE BONDS; AUTHORIZING CERTAIN OFFICIALS AND EMPLOYEES OF THE COUNTY TO TAKE ALL ACTIONS REQUIRED IN CONNECTION WITH THE ISSUANCE OF THE BONDS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Palm Beach County, Florida (the "Issuer") is a political subdivision of the State of Florida and is empowered by the provisions of the Florida Constitution and Chapter 159, Part II, Florida Statutes (the "Act"), to issue obligations for the purpose of financing and refinancing healthcare facilities; and

WHEREAS, on August 21, 2007 the Board of County Commissioners (the "Governing Body") of the Issuer approved the application of Caron Foundation of Florida, Inc., (the "Borrower") for the issuance of industrial development revenue bonds to finance the cost of (i) acquisition, construction, installation and furnishing of certain leasehold improvements to the apartment facilities known as Fairways on the Green located at 2101 Lowson Boulevard, Delray Beach, Florida; (ii) acquisition, build-out, installation and furnishing of an office and outpatient treatment facility known as Beacon Square located at 8051 Congress Avenue, Boca Raton, Florida and (iii) issuance of the Bonds (hereinafter defined), conditioned upon the adoption of this resolution and certain other conditions; and

WHEREAS, the Issuer has determined to issue its Variable Rate Demand Revenue Bonds, Series 2007 (Caron Foundation of Florida, Inc. Project) in the principal amount of not exceeding \$9,500,000 (the "Bonds") as further provided herein; and

WHEREAS, an August 21, 2007 the Issuer conducted a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, with respect to the issuance of the Bonds; and

WHEREAS, the Issuer and the Borrower have received a proposed form of Bond Purchase Agreement (the "Bond Purchase Agreement") from Wachovia Bank, National Association (the "Underwriter") to purchase the Bonds on the basis of the terms and provisions therein; and

WHEREAS, the Issuer agrees to such terms and provisions; and

WHEREAS, it is necessary and desirable to approve the form of an Indenture of Trust, a Loan Agreement and the Bond Purchase Agreement in connection with the issuance of the Bonds, and to provide a method to specify the interest rate(s), maturity date(s), redemption provisions and other details for the Bonds; and

WHEREAS, the issuance of the Bonds and the sale thereof to the Underwriter will, in the judgment of the Issuer, serve the intended public purpose and in all respects conform to the provisions and requirements of the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY THAT:

SECTION 1. Definitions. Unless the context otherwise requires, terms used herein in capitalized form and not otherwise defined herein shall have the meanings specified therefor in the Indenture of Trust attached hereto as Exhibit "A" (the "Indenture"). Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

SECTION 2. Authority for this Resolution. This resolution, herein called the "Resolution," is adopted pursuant to the Act.

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

A. The Project is appropriate to the needs and circumstances of, and will make a significant contribution to the economic growth of the Issuer, will provide and preserve gainful employment, and will serve a public purpose, consistent with Article VII, Section 10(c) of the Florida Constitution, by advancing the economic prosperity and the general welfare of the Issuer, the State, and the people thereof, and in particular, the issuance of the Bonds is in the common interest of the people of Palm Beach County, Florida. The Borrower is financially responsible and fully capable of and willing to fulfill any obligations which it may incur in connection with the financing of the Project as contemplated by this Resolution. The Issuer will be able to cope satisfactorily with the impact of the Project and will be able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, that will be necessary for the construction, operation, repair and maintenance of the Project and on account of any increases in population or other circumstances resulting therefrom.

B. The Issuer hereby finds that the Agreement makes adequate provision for the operation, repair and maintenance of the Project at the expense of the Borrower and for the payment of the principal and interest on the Bonds and all other costs incurred by the Issuer in connection with the Bonds and the Project.

SECTION 4. Authorization of Bonds. The Issuer hereby approves the Bonds for purposes of Section 147(f) of the Code. Subject and pursuant to the provisions hereof and of the Indenture, for the purpose of financing the Project, the issuance of revenue bonds of the Issuer under the authority of the Act in the principal amount of not to exceed \$9,500,000 is hereby approved. The Chairperson is hereby authorized to award the sale of the Bonds in an aggregate principal amount sufficient, together with other available funds, to finance the Project and to pay the costs associated with issuance of the Bonds, as requested by the Borrower, provided that the aggregate principal amount of the Bonds shall not exceed \$9,500,000, the interest rate on the Bonds shall not exceed the maximum rate permitted by law, and the maturity date of the Bonds shall not be later than 2037.

Subject to the foregoing, the Bonds shall be dated, shall bear interest at such rates, mature on such dates, be subject to redemption on such dates and in such amounts and at such price and have such other details, terms and conditions all as set forth in the Indenture.

SECTION 5. Authorization of Execution and Delivery of the Indenture. As security for the payment of the principal of and interest on the Bonds, the Indenture, in substantially the form thereof attached hereto as Exhibit "A," with such changes, alterations and corrections as may be approved by the Chairperson, such approval to be presumed by the execution thereof by the Chairperson, is hereby approved by the Issuer, and the Issuer hereby authorizes and directs the Chairperson to execute the Indenture and the Clerk to attest thereto under the official seal of the Issuer, and to deliver the Indenture to the Trustee all of the provisions of which, when executed and delivered by the Issuer as authorized herein, shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 6. Authorization of Execution and Delivery of the Loan Agreement. The Loan Agreement, in substantially the form thereof attached hereto as Exhibit "B," with such changes, alterations and corrections thereto as may be approved by the Chairperson, such approval to be presumed by the execution thereof by the Chairperson, is hereby approved by the Issuer, and the Issuer authorizes and directs the Chairperson to execute the Loan Agreement and the Clerk to attest thereto under the official seal of the Issuer, and to deliver the Loan Agreement to the Borrower, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein.

SECTION 7. Sale of Bonds: Execution and Delivery of the Bond Purchase Agreement. The Bonds are hereby awarded to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement. The Bond Purchase Agreement, in substantially the form thereof attached hereto as Exhibit "C," with such changes, alterations and corrections thereto as may be approved by the Chairperson, such approval to be presumed by the execution thereof by the Chairperson, is hereby approved by the Issuer, and, upon execution thereof by the Borrower,

the Issuer authorizes and directs the Chairperson to execute the Bond Purchase Agreement and the Clerk to attest thereto under the official seal of the Issuer, and to deliver the Bond Purchase Agreement to the Underwriter, all of the provisions of which, when executed and delivered by the Issuer as authorized herein shall be deemed to be a part of this Resolution as fully and to the same extent as if incorporated verbatim herein. The Issuer hereby determines that a negotiated sale of the Bonds is in the best interest of the Issuer, the Borrower and the citizens and inhabitants of Palm Beach County by reason of the limited market for bonds such as the Bonds (due, among other reasons, to the fact that the Bonds are limited obligations of the Issuer payable only from the sources provided therefor in the Indenture) and because revenue bonds such as the Bonds are typically sold by negotiated sale. The Underwriter has filed with the Issuer the disclosure required by Section 218.385, Florida Statutes, and competitive bidding for the Bonds is hereby waived.

SECTION 8. Appointment of Trustee. Manufacturers and Traders Trust Company is hereby appointed Trustee to act under the Indenture.

SECTION 9. No Personal Liability. No covenant, stipulation, obligation or agreement herein contained or contained in the Loan Agreement, the Indenture, the Bond Purchase Agreement, the Bonds, or any instrument contemplated thereby shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the Issuer in his or her individual capacity, and no member of the Governing Body of the Issuer executing the Bonds or other documents herein mentioned shall be liable personally thereon or be subject to any personal accountability by reason of the issuance or execution thereof.

SECTION 10. No Third Party Beneficiaries. Except as herein or in the documents herein mentioned otherwise expressly provided, nothing in this Resolution or in such documents, express or implied, is intended or shall be construed to confer upon any Person other than the Issuer, the Borrower, the Owners of the Bonds, the Underwriter, the issuer of the Credit Facility and the Trustee any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof or of such documents; this Resolution and such documents being intended to be and being for the sole and exclusive benefit of such parties.

SECTION 11. Prerequisites Performed. All acts, conditions and things relating to the passage of this Resolution and required by the Constitution or laws of the State of Florida to happen, exist and be performed precedent to and in the passage hereof have happened, exist and have been performed as so required.

SECTION 12. General Authority. The Clerk and the members of the Governing Body of the Issuer are hereby authorized to do all acts and things required of them by this Resolution, the Agreement, the Bond Purchase Agreement, or the Indenture, or desirable or consistent with the requirements hereof or thereof, for the full punctual and complete performance of all terms, covenants and agreements contained in the Bonds, the Loan Agreement, the Bond Purchase Agreement, the Indenture and this Resolution.

SECTION 13. General Authorizations. The Chairperson, and any other member of the Governing Body of the Issuer, the Clerk, the County Attorney, and any other appropriate employee of the Issuer, are hereby each authorized to execute, publish, file and record such other

documents, instruments, notices, and records and to take such other actions as shall be necessary or desirable to accomplish the purposes of this Resolution, and to comply with and perform the obligations of the Issuer under the Indenture, the Loan Agreement, and the Bond Purchase Agreement.

SECTION 14. Resolution Constitutes a Contract. The Issuer covenants and agrees that this Resolution shall constitute a contract between the Issuer and the Owners from time to time of the Bonds and that all covenants and agreements set forth herein and in the Loan Agreement and the Indenture to be performed by the Issuer shall be for the equal and ratable benefit and security of all Owners of the Bonds.

SECTION 15. Severability. If any one or more of the covenants, agreements, or provisions contained herein or in the Bonds shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions hereof and thereof and shall in no way affect the validity of any of the other provisions of this Resolution or of the Bonds.

SECTION 16. Repealer. All resolutions or parts thereof of the Issuer in conflict with the provisions herein contained are, to the extent of any such conflict, hereby superseded and repealed.

SECTION 17. Effective Date. This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____, and upon being put to a vote, the motion passed as follows:

- Commissioner Addie L. Greene – Chairperson _____
- Commissioner Jeff Koons - Vice Chair _____
- Commissioner Karen T. Marcus _____
- Commissioner Robert J. Kanjian _____
- Commissioner Mary McCarty _____
- Commissioner Burt Aaronson _____
- Commissioner Jess R. Santamaria _____

The Chairperson thereupon declared the Resolution duly passed and adopted this _____ day of _____, 2007.

PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

Sharon R. Bock, Clerk and Comptroller

By: _____
Deputy Clerk

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

By: Paul F. J.
County Attorney

EXHIBIT "A"
INDENTURE OF TRUST

INDENTURE OF TRUST

by and between

PALM BEACH COUNTY, FLORIDA

and

MANUFACTURERS AND TRADERS TRUST COMPANY,

as Trustee

Dated as of September 1, 2007

**Relating to the Issuance of
\$9,500,000 PALM BEACH COUNTY, FLORIDA
TAX-EXEMPT ADJUSTABLE MODE
REVENUE BONDS
(CARON FOUNDATION OF FLORIDA, INC. PROJECT)
SERIES 2007**

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the "Indenture"), dated as of September 1, 2007, is made and entered into by and between **PALM BEACH COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer"), and **MANUFACTURERS AND TRADERS TRUST COMPANY**, New York banking corporation, duly organized, existing and authorized to accept and execute trusts, as trustee, and its successors and assignees in trust (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer is a political subdivision of the State of Florida and is empowered by the provisions of the Florida Constitution and the Act to issue obligations for the purpose of financing and refinancing healthcare facilities; and

WHEREAS, in order to permit the Company to finance the Project, the Issuer will make certain funds available to the Company; and

WHEREAS, the issuance of the revenue bonds by the Issuer, as herein recited and provided, has been duly approved by the Board of County Commissioners of the Issuer and will serve the intended purposes and in all respects will conform to the provisions and requirements of the Act; and

WHEREAS, the Issuer has determined that it shall undertake the financing of the Project pursuant to the provisions and requirements of the Act; and

WHEREAS, the Issuer has entered into the Agreement with the Company wherein the Issuer will loan the proceeds of the Bonds to the Company, and wherein the Company agrees, among other things, to make certain loan payments to the Issuer, all as set forth in the Agreement; and

WHEREAS, the Issuer has determined to assign, transfer and pledge unto the Trustee, as trustee under this Indenture, all right, title and interest of the Issuer (except for certain rights of the Issuer to indemnification and the payment of its costs, fees and expenses as more particularly described in the Agreement) in and to the Agreement and the sums payable thereunder; and

WHEREAS, the Issuer is authorized by the Act to borrow money, and the Issuer deems it necessary to borrow money under and pursuant to provisions hereof for the purposes of, among other things, financing the costs and expenses of the Project (all in accordance with applicable law) and of carrying out its obligations under the terms of the Agreement, and, to that end, the Issuer has duly authorized and directed the issuance, sale and delivery of the Bonds to be issued as fully registered bonds; and to secure payment of the principal and Purchase Price thereof and of the interest and premium, if any, thereon and the performance and observance of the covenants and conditions herein contained, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, the Bonds will be issued as one series of bonds and designated as “Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007”; and

WHEREAS, the Agreement provides that the Issuer will loan the proceeds of the Bonds to the Company and the Company will make certain loan payments to the Authority payable in installments equal to payments of debt service on the Bonds when due; and

WHEREAS, the Agreement further provides that the Company will cause the Credit Facility to be delivered by the Credit Issuer to the Trustee at the time of delivery of the Bonds for the further security and benefit of Owners of the Bonds; and

WHEREAS, the Company and the Credit Issuer have entered into a Credit Agreement whereunder the Credit Issuer has agreed to issue and maintain the Credit Facility as provided for therein and herein, and the Company has agreed to reimburse the Credit Issuer for any draws made by the Trustee on the Credit Facility and for other costs, expenses and charges, as specified in the Credit Agreement; and

WHEREAS, execution and delivery of this Indenture and the issuance of the Bonds hereunder and under the Act have been duly and validly authorized by resolution of the Issuer duly adopted prior to such execution and delivery.

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Defined Terms. In addition to terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

“Act” means Chapter 159, Part II, Florida Statutes, Chapter 125, Florida Statutes, Article VIII, Section 1, Constitution of the State of Florida, as amended.

“Act of Bankruptcy” means any of the following events:

(i) The Company (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under the Loan Agreement or the Credit Agreement or an “affiliate” of the Company as defined in Bankruptcy Code § 101(2)) or the Issuer shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Company (or such other Person) or the Issuer or of all or any substantial part of their respective property, (2) commence a voluntary case under the Bankruptcy Code, or (3) file a petition seeking to take advantage

of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) A proceeding or case shall be commenced, without the application or consent of the Company (or any other Person obligated, as guarantor or otherwise, to make payments on the Bonds or under the Loan Agreement or the Credit Agreement or an "affiliate" of the Company as defined in Bankruptcy Code § 101(2)) or the Issuer in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Company (or any such other Person) or the Issuer, (2) the appointment of a trustee, receiver, custodian, liquidator or the like of the Company (or any such other Person), the Issuer or of all or any substantial part of their respective property, or (3) similar relief in respect of the Company (or any such other Person) or the Issuer under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

"Agreement" means the Loan Agreement dated as of September 1, 2007, between the Issuer and the Company and any modifications, amendments and supplements hereto made in accordance with the provisions hereof and of the Agreement.

"Alternate Credit Facility" means an irrevocable, direct-pay letter of credit delivered to, and accepted by, the Trustee pursuant to **Section 3.8(e)**, in substitution for the Credit Facility then in effect.

"Alternate Credit Facility Effective Date" has the meaning specified in **Section 3.8(e)**.

"Alternate Weekly Index" means, for any Computation Date, (i) if the Bonds are (or were) bearing interest at a Weekly Rate during the Interest Period ending on or immediately after such Computation Date that was determined by the Remarketing Agent without applying the Alternate Weekly Index, the Weekly Rate for such Interest Period, and (ii) if the Weekly Rate for the Interest Period ending on or immediately after such Computation Date was determined by applying the Alternate Weekly Index or if such Computation Date is the first Computation Date that occurs in connection with any change or deemed change in the Interest Rate Determination Method to a Weekly Rate pursuant to **Section 2.4(a)**, the greater of: (1) 70% of LIBOR, or (2) the BMA Municipal Swap Index plus 0.10%.

"Authorized Denomination" means (i) during any Weekly Rate Period, \$100,000 and multiples of \$5,000 in excess thereof, and (ii) during the Fixed Rate Period, \$5,000 and integral multiples thereof.

"Bankruptcy Code" means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

"Beneficial Owner" means the Person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such Person's subrogee.

“BMA Municipal Swap Index” means, for any Computation Date, The Bond Market Association TM Municipal Swap Index as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor, as of such Computation Date or, if such index is not determined as of such Computation Date, as of the first date immediately prior to such Computation Date that such index has been determined, or if such index is not available, another index determined to be comparable by the Remarketing Agent or, if the Remarketing Agent fails to do so, the Trustee (who may rely upon an opinion of a commercial or investment banking firm knowledgeable in municipal finance).

“Bond” or “Bonds” means the Bonds authorized under this Indenture.

“Bond Counsel” means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds.

“Bond Fund” means the fund of that name created pursuant to **Section 4.1**.

“Bond Purchase Fund” means the fund of that name created pursuant to **Section 4.4**.

“Book-Entry System” means a book-entry system established and operated for the recordation of Beneficial Owners of the Bonds pursuant to **Section 2.20**.

“Business Day” means any day on which the offices of the Credit Issuer at which drawings on the Credit Facility are made (if a Credit Facility is in effect), the Trustee, the Paying Agent, the Registrar and the Remarketing Agent are each open for business and on which The New York Stock Exchange is not closed.

“Ceiling Rate” means twelve percent (12%) per annum.

“Code” means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

“Company” means Caron Foundation of Florida, Inc., a Pennsylvania not-for-profit corporation, and its successors and assigns.

“Company Agent” shall have the meaning set forth in **Section 7.2**.

“Computation Date” means (i) the Business Day next preceding the first day of each Interest Period during which the Bonds bear interest at a Weekly Rate, and (ii) a date that is not more than twenty (20) nor less than two (2) days prior to any Conversion Date relating to conversion to a Fixed Rate.

“Conversion Date” means the date on which the Interest Rate Determination Method is changed from the Weekly Rate to a Fixed Rate.

“Conversion Notice” shall have the meaning set forth in **Section 2.4(a)**.

“Costs of the Project” shall have the meaning specified in the Loan Agreement.

“Counsel” means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

“Credit Agreement” means any agreement between the Company and a Credit Issuer relating to a Credit Facility, as such agreement may be amended or supplemented from time to time pursuant to its terms.

“Credit Facility” means an irrevocable, direct-pay letter of credit, issued by a Credit Issuer on the Issue Date or pursuant to **Section 2.5** in favor of the Trustee, for the account of the Company, and any amendments or supplements thereto or extensions thereof, that provides security for the payment of certain payments on or with respect to the Bonds as contemplated pursuant to **Section 3.8** and, upon acceptance by the Trustee of any Alternate Credit Facility, such Alternate Credit Facility.

“Credit Issuance Date” means any date on which a Credit Facility is issued pursuant to **Section 2.5**.

“Credit Issuance Notice” shall have the meaning set forth in **Section 2.5(a)(i)(1)**.

“Credit Issuer” means the issuer of any Credit Facility, its successors and assigns; provided, however, that in connection with the acceptance of an Alternate Credit Facility that results in the occurrence of a Mandatory Purchase Date, until the occurrence of such Mandatory Purchase Date, “Credit Issuer” shall mean the issuer of the Credit Facility in effect immediately prior to acceptance of such Alternate Credit Facility.

“Credit Modification Date” means either (a) the second Business Day next preceding the date on which a Credit Facility then in effect is stated to expire (unless extended), or (b) if the Credit Facility will terminate prior to its stated expiration date on account of the delivery of an Alternate Credit Facility, the proposed Alternate Credit Facility Effective Date with respect to such Alternate Credit Facility.

“Current Account” means the account of that name within the Bond Fund established pursuant to **Section 4.1**.

“Determination of Taxability” means a determination that the interest accrued or paid on any of the Bonds is included in gross income of the Holders or former Holders for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

- (i) the day on which the Company is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(ii) the day on which the Company receives notice from the Trustee in writing that the Trustee has received (1) notice in writing by any Holder or former Holder that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Holder or former Holder that asserts in effect that the interest on the Bonds received by such Holder or former Holder is included in the gross income of such Holder or former Holder for federal income tax purposes, or (2) an Opinion of Bond Counsel that concludes in effect that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

(iii) the day on which the Company is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes; or

(iv) the day on which the Company is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Company has been given written notice and an opportunity to participate and defend that the interest on the Bonds is included in the gross income of any Holder or former Holder thereof for federal income tax purposes;

provided, however, during any Weekly Rate Period, no Determination of Taxability shall occur under **subparagraphs (i), (ii)(1) and (iii)** of this paragraph unless the Company has been afforded the opportunity to contest any such advisement, notice of deficiency, ruling or other conclusion and such contest by the Company, if made, has been finally determined (with no further right of appeal) adversely to the Company or, if earlier, until two years shall have elapsed since receipt of such advisement, notice, ruling or conclusion without any such final determination.

“Eligible Funds” means, when a Credit Facility is in effect, moneys held by the Trustee or the Paying Agent under this Indenture which consist of any of the following:

(i) any moneys if, in the written opinion of Counsel experienced in bankruptcy law matters (which opinion shall be delivered to the Trustee and the Rating Agency, if any, rating the Bonds at or prior to the time of the deposit of such moneys with the Trustee and shall be in form and substance satisfactory to the Rating Agency, if any, rating the Bonds), the deposit and use of such moneys will not constitute an avoidable preferential payment pursuant to Section 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to Section 549 of the Bankruptcy Code, recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy; or

(ii) moneys paid by the Credit Issuer to the Trustee under the Credit Facility which are not commingled with any other moneys.

If no Credit Facility is in effect, any moneys held by the Trustee or the Paying Agent under this Indenture shall constitute "Eligible Funds."

"Event of Default" means any of the events specified in **Section 6.1**.

"Financing Statements" means any and all financing statements (including continuation statements) or other instruments filed or recorded to perfect the Security Interest created in this Indenture.

"Fitch" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company with the approval of the Remarketing Agent, by notice to the Issuer and the Trustee.

"Fixed Rate" means the Fixed Rate established in accordance with **Section 2.3(e)**.

"Fixed Rate Period" means the period from and including the Conversion Date to and including the date of payment in full of the Bonds.

"Government Obligations" means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

"Holder" means the Person who shall be the registered owner of any Bond.

"Indenture" means this Indenture of Trust, as the same may be amended or supplemented from time to time as permitted hereby.

"Indirect Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

"Interest Payment Date" means (i) during any Weekly Rate Period, each Monthly Interest Payment Date, (ii) during any Fixed Rate Period, each Semiannual Interest Payment Date, and (iii) each Conversion Date.

"Interest Period" means, with respect to the Bonds bearing interest at a Weekly Rate, the period from and including the Issue Date to and including the next Wednesday, the period from and including the Conversion Date on which the Interest Rate Determination Method is changed to the Weekly Rate to and including the next Wednesday and, in each case, each succeeding period from and including each Thursday to and including the following Wednesday.

“Interest Rate Determination Method” means any of the methods of determining the interest rate on the Bonds described in **Section 2.3**.

“Issue Date” means the date on which the Bonds are delivered to the purchaser or purchasers thereof upon original issuance.

“Issuer” means Palm Beach County, Florida, a political subdivision of the State of Florida, or any successor to its rights and obligations under the Loan Agreement and this Indenture.

“LIBOR” means, for any Computation Date, the rate per annum determined on the basis of the rate for deposits in United States dollars of amounts equal to or comparable to the principal amount of the Bonds to which the Alternate Weekly Index will apply, offered for a term of one month, which rate appears on the display designated as Page 3750 of the Telerate Service (or such other page as may replace page 3750 of that service or such other service or services as may be nominated by the British Bankers’ Association for the purpose of displaying London interbank offered rates for United States dollar deposits), determined as of approximately 11:00 a.m., London time, two (2) London business days prior to such Computation Date, or if such rate is not available, another rate determined to be comparable by the Remarketing Agent or, if the Remarketing Agent fails to do so, the Trustee (who may rely upon an opinion of a commercial or investment banking firm knowledgeable in municipal finance).

“Loan Agreement” means the Loan Agreement dated as of September 1, 2007 between the Issuer and the Company, and any modifications, amendments and supplements thereto permitted hereunder.

“Local Time” means eastern time (daylight or standard, as applicable) in New York, New York.

“Mandatory Purchase Date” means (i) a proposed Conversion Date, (ii) a Credit Modification Date, (iii) a proposed Credit Issuance Date, (iv) the fourth Business Day after receipt by the Trustee of a written notice from the Credit Issuer that an event of default under the Credit Agreement has occurred and is continuing and a written request from the Credit Issuer that all of the Bonds be required to be tendered for purchase, or (v) while the Bonds bear interest at the Weekly Rate, any Business Day designated by the Company with the consent of the Remarketing Agent and the Credit Issuer, provided that such designation and consent are made in writing and delivered to the Trustee at least twenty-five (25) days (or such shorter period of time acceptable to the Trustee) prior to such Mandatory Purchase Date.

“Monthly Interest Payment Date” means the first Business Day of each calendar month.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency

designated by the Company with the approval of the Remarketing Agent, by notice to the Issuer and the Trustee.

“Note” means the promissory note of the Company dated the Issue Date, in the form attached as an exhibit to the Loan Agreement.

“Opinion of Bond Counsel” means any opinion of Bond Counsel delivered pursuant to this Indenture with respect to the excludability of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes. Each such opinion shall be addressed to the Trustee, the Remarketing Agent, the Company, the Issuer and the Paying Agent. No such opinion delivered pursuant hereto shall be deemed unsatisfactory when required as a condition to any provision hereunder because such opinion states that interest on the Bonds is an item of tax preference or is includable in determining alternative minimum taxable income under the Code.

“Optional Tender Date” means, during any Weekly Rate Period, any Business Day.

“Original Credit Facility” means the Credit Facility issued by the Credit Issuer to the Trustee on the Issue Date, and any extensions and renewals thereof.

“Outstanding” means, when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, all Bonds that have been authenticated and delivered by the Trustee hereunder, except:

- (i) Bonds cancelled or delivered for cancellation at or prior to such date;
- (ii) Bonds deemed to be paid in accordance with **Section 5.2**;
- (iii) Bonds in lieu of which others have been authenticated under **Section 2.13, 2.14 and 2.15**;
- (iv) Untendered Bonds to the extent that there shall be on deposit with the Paying Agent on the date purchase thereof is required as provided herein an amount to pay the Purchase Price thereof; and
- (v) For purposes of any consent, request, demand, authorization, direction, notice, waiver or other action to be taken by the Holders of a specified percentage of Outstanding Bonds hereunder, all Bonds held by or for the account of the Issuer, the Company or any affiliate of the Company; provided, however, that for purposes of any such consent, request, demand, authorization, direction, notice, waiver or action the Trustee shall be obligated to consider as not being outstanding only Bonds known by the Trustee by actual notice thereof to be so held; provided, further, that if all of the Bonds are at any time held by or for the account of the Company or any affiliate of the Company, then such Bonds shall be deemed to be Outstanding at such time for the purposes of this **subparagraph (v)**.

“Participant” means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

“Paying Agent” means Manufacturers and Traders Trust Company, and its successors and assigns appointed and serving under this Indenture.

“Permitted Investments” means any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

- (i) Bonds or other obligations of the United States;
- (ii) Bonds or other obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States;
- (iii) Direct obligations issued by the United States or obligations guaranteed in full as to principal and interest by the United States or repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or before the date when such funds will be required for disbursement;
- (iv) Obligations of state and local government and municipal bond issuers, which are rated investment-grade by either S&P or Moody’s or other non-rated obligations of such issuers guaranteed or credit enhanced by a Person whose long-term debt or long-term deposits or other obligations are rated investment-grade by either S&P or Moody’s;
- (v) Prime commercial paper rated either “A-1” by S&P or “P-1” by Moody’s and, if rated by both, not less than “A-1” by S&P and “P-1” by Moody’s;
- (vi) Bankers’ acceptances drawn on and accepted by commercial banks;
- (vii) Interests in any money market fund or trust, the investments of which are restricted to obligations described in clauses (i) through (vi) of this definition or obligations determined to be of comparable quality by the board of directors of such fund or trust, including funds of the Trustee and its affiliates for which they receive compensation;
- (viii) Such other obligations as may at any time hereafter be authorized by applicable law, provided that the Trustee may require as a condition to the investment of funds under this clause (viii) there having first been delivered to the Trustee an opinion of Counsel to the effect that investment in such other obligations is permitted under any applicable laws of the State; and
- (ix) Any investments approved in writing by the Credit Issuer.

“Person” means any natural person, firm, partnership, association, corporation, limited liability company or public body.

“Premises” shall mean those parcels of real property located in Palm Beach County, Florida, on which the Company’s residential and treatment facilities are located.

“Project” means (A) the acquisition, construction, installation and furnishing of certain leasehold improvements to the apartment facilities known as Fairways on the Green located at 2101 Lawson Boulevard, Delray Beach, Florida; (B) the acquisition, build-out, installation and furnishing of an office and outpatient treatment facility known as Beacon Square located at 8051 Congress Avenue, Boca Raton, Florida; and (C) the payment of the costs and expenses of issuing the Bonds.

“Project Facilities” shall mean all of the Company’s right, title and interest in and to the Premises, together with all the right, title and interest of the Company in and to all buildings, improvements and appurtenant facilities located on the Premises.

“Project Fund” means the fund of that name created pursuant to **Section 4.2**.

“Purchase Agreement” means the Bond Purchase Agreement, dated September __, 2007, among the Issuer, the Company and the Underwriter, relating to the initial sale of the Bonds.

“Purchase Price” means an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered for purchase pursuant to **Section 2.6**, plus accrued and unpaid interest thereon to the date of purchase.

“Rate” means any Weekly Rate or Fixed Rate.

“Rate Period” means any Weekly Rate Period or Fixed Rate Period.

“Rating Agency” means Fitch when the Bonds are rated by Fitch, Moody’s when the Bonds are rated by Moody’s, and S&P when the Bonds are rated by S&P.

“Record Date” means with respect to each Interest Payment Date (i) during any Weekly Rate Period, the Trustee’s close of business on the Business Day next preceding such Interest Payment Date, and (ii) during any Fixed Rate Period, the Trustee’s close of business on the fifteenth (15th) day of the calendar month next preceding the calendar month during which such Interest Payment Date occurs, regardless of whether such day is a Business Day.

“Register” means the register of the record owners of Bonds maintained by the Registrar.

“Registrar” means the Trustee.

“Remarketing Agent” means Wachovia Bank, National Association and its successors appointed and serving in such capacity under this Indenture.

“Remarketing Agreement” means any agreement between the Company and a Remarketing Agent relating to the Bonds, as such agreement may be amended or supplemented from time to time pursuant to its terms.

“Repayments” means all amounts required to be paid by the Company to the Issuer (and the Trustee, as the assignee of the Issuer) pursuant to **Section 5.2** of the Loan Agreement.

“Replacement Bonds” means Bonds issued pursuant to **Section 2.15**, which Bonds shall contain the terms and provisions specified herein as being applicable to the Bonds following a Mandatory Purchase Date and have excised therefrom the terms and provisions that are not so applicable and added thereto terms that have become applicable.

“Reserved Rights” means the rights of the Issuer pursuant to **Sections 5.2(b), 5.2(c), 8.1, 8.6, 8.7, 12.6 and 12.7** of the Loan Agreement and the rights of the Issuer pursuant to other sections of the Loan Agreement providing that notices, reports and other statements be given to the Issuer and that specified consents be obtained from the Issuer.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Company with the approval of the Remarketing Agent, by notice to the Issuer and the Trustee.

“Securities Depository” means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

“Securities Depository Nominee” means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Register the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

“Security” means the revenues (including Repayments), funds, rights and interests specified in **Section 3.1**.

“Security Interest” or “Security Interests” means the security interests created herein and shall have the meanings set forth in the U.C.C.

“Semiannual Interest Payment Date” means each March 1 and September 1.

“State” means the State of Florida.

“Surplus Bond Proceeds” means all moneys and any unliquidated investments remaining in the Project Fund on the Completion Date and after payment in full of the Costs of the Project (except for costs not then due and payable for which the Trustee shall have retained amounts pursuant to the Loan Agreement).

“Surplus Fund” means the fund of that name created pursuant to **Section 4.3**.

“Trustee” means Manufacturers and Traders Trust Company, as trustee hereunder, and any successor trustee appointed under this Indenture.

“U.C.C.” means the Uniform Commercial Code of the State as now in effect or hereafter amended.

“Underwriter” means Wachovia Bank, National Association.

“Untendered Bond” means any Untendered Bond as defined in **Section 2.6(f)**.

“Weekly Rate” means the interest rate on the Bonds established pursuant to **Section 2.3(b)**.

“Weekly Rate Period” means any period during which the Bonds bear interest at a Weekly Rate.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) All terms defined in the Loan Agreement and not defined herein shall have the meaning ascribed thereto in the Loan Agreement.

(b) Words importing the singular number shall include the plural number and vice versa.

(c) The table of contents, captions, and headings herein are for convenience of reference only and shall not constitute a part of this Indenture nor shall they affect its meaning, construction or effect.

(d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.

(e) All references in this Indenture to particular Articles or Sections are references to Articles or Sections of this Indenture, unless otherwise indicated.

ARTICLE II

THE BONDS

Section 2.1 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued and outstanding hereunder is expressly limited to \$9,500,000, subject to the provisions of **Sections 2.13, 2.14 and 2.15**. The Bonds shall be designated “Palm Beach County, Florida Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007.” The form of Bond attached as **Exhibit A** to this Indenture shall be the form of Bond referred to herein.

Section 2.2 Issuance of Bonds. The Bonds shall bear interest from the Issue Date, until paid, at the rates set forth in **Section 2.3** (computed on the basis of a 365-day year (366 days in a leap year) for the actual days elapsed during any Weekly Rate Period, a 360-day year of twelve 30-day months during any Fixed Rate Period), and shall mature, unless sooner paid, on September 1, 2027 on which date all unpaid principal, redemption premium, if any, and interest on the Bonds shall be due and payable.

The Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations. The Bonds shall be numbered from R-1 upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Registrar.

The Bonds shall be dated the Issue Date. Interest on the Bonds shall be computed from the Interest Payment Date to which interest has been paid or duly provided for next preceding the date of authentication thereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the Issue Date, or (b) such date of authentication shall be an Interest Payment Date to which interest on the Bonds has been paid in full or duly provided for, in which case interest shall be computed from such date of authentication; provided, however, that if interest on the Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall bear interest from the last date to which interest has been paid or duly provided for on the Bonds or, if no interest has been paid or duly provided for on the Bonds, from the Issue Date.

The principal of, redemption premium, if any, and the interest on the Bonds shall be payable in lawful currency of the United States. The principal of and redemption premium, if any, on the Bonds shall be payable at the principal office of the Paying Agent upon presentation and surrender of the Bonds. Payments of interest on the Bonds will be mailed to the persons in whose names the Bonds are registered on the Register at the close of business on the Record Date next preceding each Interest Payment Date; provided that, prior to the Conversion Date, any Holder of a Bond or Bonds in an aggregate principal amount of not less than \$250,000 may, by prior written instructions filed with the Paying Agent (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments for any period prior to the Conversion Date be made by wire transfer to an account in the continental United States or other means acceptable to the Paying Agent.

Section 2.3 Interest Rates on Bonds.

(a) **Initial Rate - General.** The Bonds shall bear interest as provided herein from the Issue Date to the date of payment in full of the Bonds. Interest accrued on the Bonds shall be paid on each Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) commencing on the earlier of October 1, 2007 or the first Conversion Date. The interest rate on the Bonds will be determined as provided in this Section except that no rate shall exceed the lesser of (i) the Ceiling Rate or (ii) the maximum rate permitted by applicable law. The Bonds shall initially bear interest at a Weekly Rate from the Issue Date until the date on which the Interest Rate Determination Method is changed as described in **Section 2.4**. Such Weekly Rate for the initial Interest Period shall be determined by the Underwriter on the Issue Date in the manner set forth in **Section 2.3(b)** with respect to subsequent Interest Periods. Thereafter, during any Weekly Rate Period, the Remarketing Agent will determine a Weekly Rate in accordance with **Section 2.3(b)**. Notwithstanding anything herein to the contrary, each Interest Rate Determination Method in effect from time to time shall continue in effect until the date on which such *Interest Rate Determination Method* is changed as described in **Section 2.4**.

(b) **Weekly Rate.** During any Weekly Rate Period the Bonds will bear interest at the Weekly Rate. During any Weekly Rate Period, the Remarketing Agent will determine the Weekly Rate for the applicable Interest Period by 4:00 p.m., Local Time, on the applicable

Computation Date. Each Weekly Rate shall be the rate of interest which, if borne by the Bonds, would, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for revenue bonds or other securities the interest on which is excluded from gross income of the holders thereof for federal income tax purposes of the same general nature as the Bonds or securities the interest on which is excluded from gross income of the holders thereof for federal income tax purposes that are comparable as to credit and maturity (or comparable with respect to optional tender provisions) with the credit and maturity or the optional tender provisions of the Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Bonds at a price of par (plus accrued interest, if any) on the first Business Day of such Interest Period; provided, that, if for any reason the Weekly Rate for any Interest Period is not established as aforesaid by the Remarketing Agent, no Remarketing Agent shall be serving as such hereunder or the rate so established is held to be invalid or unenforceable with respect to any Interest Period, then the Weekly Rate for such Interest Period shall be 100% of the Alternate Weekly Index on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Trustee) shall notify the Company and the Trustee immediately by telephone if the Alternate Weekly Index is applicable, with written notice to follow promptly. In connection with any change or deemed change in the Interest Rate Determination Method to a Weekly Rate pursuant to **Section 2.4(a)**, the initial Weekly Rate shall be determined as provided above on the applicable Computation Date.

(c) **Reserved.**

(d) **Reserved.**

(e) **Fixed Rate.** The Bonds shall bear interest at the Fixed Rate during the Fixed Rate Period. The interest rate to be borne by the Bonds from the Conversion Date to the date of payment in full of the Bonds shall be the rate determined by the Remarketing Agent on the applicable Computation Date to be the rate which, if borne by the Bonds would, in the judgment of the Remarketing Agent having due regard for the prevailing market conditions for revenue bonds or other securities the interest on which is excluded from gross income of the holders thereof for federal income tax purposes and that are comparable to the Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Bonds at a price of par (plus accrued interest, if any) on the Conversion Date. If for any reason the Fixed Rate is not established as aforesaid by the Remarketing Agent or no Remarketing Agent shall be serving as such hereunder, then the provisions of the last paragraph of **Section 2.4(e)** shall apply; if the Fixed Rate established by the Remarketing Agent is held to be invalid or unenforceable, the interest rate to be borne by the Bonds from the Conversion Date to the date of payment in full of the Bonds shall be determined by the Remarketing Agent based on the criteria in the preceding sentence and avoiding the cause of invalidity or unenforceability.

If requested in the Conversion Notice by the Company, the Remarketing Agent may also determine on the Computation Date redemption premiums, different from those set forth in **Section 2.18**, for optional redemption of the Bonds during the Fixed Rate Period. These redemption premiums shall be consistent with the prevailing market conditions, in the reasonable judgment of the Remarketing Agent. The Remarketing Agent shall not, however, establish redemption premiums different from those set forth in **Section 2.18** unless an Opinion of Bond

Counsel shall be furnished to the effect that such action will not adversely affect the exclusion of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes.

(f) **Notice of Rates.** Promptly following the determination of any Rate, the Remarketing Agent shall give notice by telecopy thereof to the Trustee and the Paying Agent. Promptly upon receipt from the Remarketing Agent of any Fixed Rate, the Paying Agent shall give each Holder notice of the new Rate. The Company and any Holder or Beneficial Owner may obtain any Rate on or after the applicable Computation Date upon request to the Remarketing Agent.

(g) **Determination of Rate Conclusive.** The determination of any Rate by the Remarketing Agent shall be conclusive and binding upon the Issuer, the Company, the Trustee, the Paying Agent, the Remarketing Agent, the Credit Issuer and the Holders or Beneficial Owners.

(h) **No Liability.** In determining the interest rate or rates that the Bonds shall bear as provided in this Section, the Remarketing Agent shall have no liability to the Issuer, the Company, the Trustee, the Paying Agent, the Registrar, the Credit Issuer or any Holder or Beneficial Owners except for its gross negligence or willful misconduct.

Section 2.4 Conversion of Interest Rate Determination Method.

(a) **Conversion Notice.** The Interest Rate Determination Method for the Bonds may be changed under this Section from a Weekly Rate to a Fixed Rate on any Conversion Date by the Company giving written notice of such change (a "Conversion Notice") to the Remarketing Agent and the Trustee with a copy to the Issuer, the Paying Agent, the Rating Agency, if any, rating the Bonds and the Credit Issuer (if any). The Conversion Notice must be received by the Remarketing Agent and the Trustee at least twenty-five (25) days prior to the proposed Conversion Date.

Each Conversion Notice shall state (i) that the Company elects to change the Interest Rate Determination Method from a Weekly Rate to a Fixed Rate, (ii) the proposed Conversion Date, (iii) that the Bonds will bear interest at a Fixed Rate from and after such Conversion Date, (iv) whether a Credit Facility is to be in effect from and after such Conversion Date, and, if so, the terms of such Credit Facility, and (v) and if redemption premiums different from those set forth in **Section 2.18** are to be applicable as described in **Section 2.3(e)**, the redemption premiums to be applicable during such Fixed Rate Period.

(b) **Opinions With Respect to Conversions.** Each Conversion Notice given to the Remarketing Agent and the Trustee shall be accompanied by an Opinion of Bond Counsel to the effect that the change in the Interest Rate Determination Method will not cause the interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such change is permitted under this Indenture.

The Company shall deliver to the Remarketing Agent and the Trustee, by 10:00 a.m., Local Time, on the proposed Conversion Date under this Section a supplemental Opinion of Bond Counsel to the effect that the change in the Interest Rate Determination Method is

permitted under this Indenture and, under the laws existing on such Conversion Date, the change will not cause the interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes.

(c) **Conversion Date.** The Conversion Date may be any Business Day;

(d) **Notice of Conversions to Holders.** The Trustee shall give written notice to the Holders of a Conversion Date, which notice shall be in substantially the form attached to this Indenture as **Exhibit B**, appropriately completed, and shall be sent by first-class mail, postage prepaid, at least fifteen (15) days prior to the proposed Conversion Date.

(e) **Failure or Revocation of Conversion.** If (i) the Company fails to deliver to the Trustee and the Remarketing Agent by 10:00 a.m., Local Time, on the proposed Conversion Date any supplemental Opinion of Bond Counsel required by **subsection (b)** of this Section, or (ii) an Event of Default shall have occurred and be continuing hereunder, the Interest Rate Determination Method for the Bonds shall not be changed on the proposed Conversion Date and the Trustee shall immediately notify by telephone the Credit Issuer, if any, the Remarketing Agent, the Issuer and the Paying Agent that the Interest Rate Determination Method for the Bonds shall not be changed on the proposed Conversion Date.

Notwithstanding any other provision in this Indenture to the contrary, no conversion of the Interest Rate Determination Method to the Fixed Rate shall occur if the Company, not later than 10:00 a.m., Local Time, on the Business Day immediately preceding the applicable Computation Date, directs the Remarketing Agent not to change the Interest Rate Determination Method to the Fixed Rate by written notice, with a copy to the Trustee, the Issuer, the Paying Agent, the Remarketing Agent and the Credit Issuer, if any.

If a proposed conversion of the Interest Rate Determination Method is cancelled pursuant to the provisions of the two preceding paragraphs, all Bonds shall nevertheless be tendered for purchase on the proposed Conversion Date and shall be purchased on the proposed Conversion Date. The Bonds shall continue to bear interest in accordance with the Interest Rate Determination Method in effect prior to the proposed Conversion Date; provided, however, that the rate of interest that the Bonds will bear shall be determined on the proposed Conversion Date.

(f) **Failure to Mail Certain Notices.** Failure to mail the notice described in **subsection (d)**, or any defect therein, shall not affect the validity of any interest rate or change in the Interest Rate Determination Method on any of the Bonds or the requirement that the Bonds shall be tendered pursuant to **Section 2.6(e)** or extend the period for tendering any of the Bonds for purchase, and the Trustee shall not be liable to any Holder by reason of its failure to mail such notice or any defect therein.

(g) **Compliance with Rule 15c2-12.** Notwithstanding any provision in this Indenture to the contrary, no conversion to a Fixed Rate shall be permitted unless the Trustee, the Issuer and the Remarketing Agent shall have received, at least two (2) Business Days prior to the proposed Conversion Date, a copy of a continuing disclosure agreement imposing obligations upon the Company or any other responsible party to comply with the requirements of Rule 15c2-

12 under the Securities Exchange Act of 1934, as amended (the "Rule"), with respect to the Bonds, together with such disclosure documents as the Remarketing Agent shall require in order to comply with the Rule, if the Rule will be applicable upon such conversion.

(h) **Conversion to Fixed Rate.** The Interest Rate Determination Method may not be converted to a Fixed Rate unless the interest component of the Credit Facility to be in effect immediately following such conversion, if any, provides for payment of at least 183 days of interest on the Bonds at such Fixed Rate. If a rating for the Bonds is to be maintained after any such conversion, the Trustee and the Remarketing Agent must receive, prior to the effective date of such conversion, written confirmation from each Rating Agency rating the Bonds that such rating will not be reduced or withdrawn.

Section 2.5 Issuance of a Credit Facility.

(a) **Issuance by a Credit Issuer.** If no Credit Facility is in effect during any Weekly Rate Period or will be in effect on the first day of any Fixed Rate Period, the Company may, with the consent of the Remarketing Agent, arrange for issuance by a Credit Issuer of a Credit Facility, on the terms and subject to the conditions hereof and upon delivery by the Company to the Trustee, the Remarketing Agent, the Paying Agent and the Issuer:

(i) of (1) a notice (the "Credit Issuance Notice") stating that the Company has, with the consent of the Remarketing Agent, arranged for the issuance of a Credit Facility and specifying a proposed Credit Issuance Date at least twenty-five (25) days after receipt of such notice by the Trustee, and (2) an Opinion of Bond Counsel to the effect that the issuance of such Credit Facility will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such issuance is permitted under this Indenture; and

(ii) by 10:00 a.m., Local Time, on the proposed Credit Issuance Date, of (1) a supplemental Opinion of Bond Counsel stating that under the laws existing on the Credit Issuance Date the issuance of the Credit Facility will not cause the interest on the Bonds to be included in gross income of the Holders thereof for federal income tax purposes, (2) an opinion of Counsel satisfactory to the Trustee, the Rating Agency, if any, rating the Bonds, the Issuer and the Remarketing Agent, to the effect (a) that the Credit Facility has been duly executed, issued and delivered by the Credit Issuer and is the legal, valid and binding obligation of the Credit Issuer (or, in the case of a branch or agency of a foreign commercial bank, such branch or agency) enforceable in accordance with its terms, and (b) that the Credit Facility is not and the issuance of the Credit Facility will not cause the Bonds to be subject to the registration requirements of the Securities Act of 1933, as amended, (3) if required by the Rating Agency, if any, rating the Bonds, an opinion of Counsel satisfactory to the Rating Agency to the effect that payments of principal, premium, if any, or Purchase Price of or interest on the Bonds from the proceeds of a drawing on such Credit Facility will not constitute avoidable preferential payments pursuant to the provisions of Section 547 of the Bankruptcy Code recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code, and (4) evidence of the consent of the Remarketing Agent. In addition, if the Credit Facility is issued by a branch or agency of a foreign commercial bank, there shall also be delivered an opinion

of Counsel licensed to practice law in the jurisdiction in which the main office of such bank is located, satisfactory to the Trustee, the Rating Agency, if any, rating the Bonds, the Issuer and the Remarketing Agent, to the effect that such Credit Facility has been duly executed, issued and delivered and is the legal, valid and binding obligation of such Credit Issuer enforceable in accordance with its terms.

(b) **Credit Issuance Date.** A Credit Issuance Date must be (i) during any Weekly Rate Period, any Business Day, or (ii) the first day of a Fixed Rate Period.

(c) **Notice of Credit Facility to Holders.** Upon receipt of a Credit Issuance Notice from the Company meeting the requirements set forth in **subsection (a)** hereof, the Trustee shall give notice by first-class mail, postage prepaid, to the Holders at least fifteen (15) days prior to the proposed Credit Issuance Date which notice shall be in substantially the form of **Exhibit C** hereto, appropriately completed.

(d) **Nonacceptance of Credit Facility.** If the Company fails to deliver to the Trustee, the Paying Agent and the Remarketing Agent by 10:00 a.m., Local Time, on the proposed Credit Issuance Date (i) the opinions of Bond Counsel and other Counsel required by **subsection (a) (ii)** of this Section or (ii) evidence that the anticipated ratings specified in the Trustee's notice to Holders pursuant to **subsection (c)** of this Section have been received, the Trustee shall not accept the Credit Facility, but all Bonds shall be tendered for purchase on the proposed Credit Issuance Date and shall be purchased on such date. The Trustee shall immediately notify by telephone the Issuer and the Company if the Credit Facility is not accepted on the proposed Credit Issuance Date.

Section 2.6 Tender of Bonds for Purchase.

(a) **Optional Tender During Weekly Rate Period.** During any Weekly Rate Period, the Holders of the Bonds shall have the right to tender any such Bond (or portion thereof in an Authorized Denomination, provided that any Bond or portion thereof remaining is also in an Authorized Denomination), for purchase on any Optional Tender Date, but only upon:

(i) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on or before the seventh (7th) day (or on the immediately preceding Business Day, if such seventh (7th) day is not a Business Day) next preceding such Optional Tender Date, of an irrevocable written, telephonic (followed, if requested by the Remarketing Agent, by written or facsimile confirmation delivered to the Remarketing Agent no later than the close of business on the next succeeding Business Day), facsimile or telegraphic notice (with a written or facsimile copy to the Trustee) stating (1) that such Holder will tender for purchase all or any portion of his/her Bonds in an Authorized Denomination and the amount of Bonds to be tendered and (2) the Optional Tender Date on which such Bonds will be tendered; and

(ii) delivery of such Bond (with an appropriate instrument of transfer duly executed in blank) to the Trustee at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Bond (or portion

thereof) shall be purchased unless such Bond as delivered to the Trustee shall conform in all respects to the description thereof in the aforesaid notice.

(b) **Optional Tender By Beneficial Owners.** If the Bonds are held in a Book-Entry System, a purchase notice pursuant to **Section 2.6(a)(i)** may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in **Section 2.6(a)(i)** and must state that such Beneficial Owner will cause its beneficial interest (or portion thereof in an Authorized Denomination) to be tendered, the amount of such interest to be tendered, the Optional Tender Date on which such interest will be tendered and the identity of the Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Bonds being tendered transferred to the Trustee at or prior to 10:00 a.m., Local Time, on the Optional Tender Date, but need not otherwise comply with **Section 2.6(a)(ii)**.

(c) **Election to Tender Irrevocable.** Any election of a Holder to tender Bonds for purchase on an Optional Tender Date in accordance with **subsection (a)** above shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder.

(d) **Notices.** The Remarketing Agent shall give prompt notice by telecopy and by telephone of receipt of (i) any tender notice received by it in accordance with **paragraph (i)** of **subsection (a)** above to the Trustee, the Paying Agent and the Credit Issuer, if any, or (ii) any Credit Issuance Notice received by it from the Company in accordance with **Section 2.5(a)** to the Trustee and the Paying Agent.

(e) **Mandatory Purchase on Mandatory Purchase Date.** The Bonds shall be subject to mandatory tender for purchase on any Mandatory Purchase Date at the Purchase Price thereof. Notwithstanding the preceding sentence, Bonds to be redeemed on such Mandatory Purchase Date (and Bonds issued in exchange for or upon the registration of transfer of such Bonds) shall be redeemed instead of being purchased. Holders of Bonds subject to mandatory tender for purchase shall tender such Bonds to the Trustee by 10:00 a.m., Local Time, on each Mandatory Purchase Date.

(f) **Bonds Deemed Tendered.** If (i) with respect to a Mandatory Purchase Date, a Holder fails to deliver such Bond to the Trustee on or before the Mandatory Purchase Date, or (ii) with respect to an Optional Tender Date, a Holder gives notice pursuant to **Section 2.6(a)** to the Remarketing Agent and thereafter fails to deliver such Bonds (or portion thereof) to the Trustee, as required, then such Bond (or portion thereof) that is not delivered to the Trustee shall be deemed to have been properly tendered (such Bond being hereinafter referred to as an "Untendered Bond") and, to the extent that there shall be on deposit with the Paying Agent on the date purchase thereof is required as provided herein an amount sufficient to pay the Purchase Price thereof, such Untendered Bond shall cease to constitute or represent a right to payment of principal or interest thereon and shall constitute and represent only the right to the payment of the Purchase Price payable on such date.

(g) **Source of Funds for Purchase of Bonds.** On each Optional Tender Date and each Mandatory Purchase Date there shall be purchased (but solely from funds set forth below)

the Bonds (or portions thereof), tendered (or deemed tendered) to the Trustee for purchase in accordance with this Section at the applicable Purchase Price. Funds for the payment of the Purchase Price for such Bonds (or portions thereof), shall be paid by the Paying Agent solely from the following sources and in the following order of priority:

(i) proceeds of the remarketing of such Bonds (or portions thereof) pursuant to **Section 2.7** that have been transferred to the Paying Agent pursuant to said Section;

(ii) if a Credit Facility is then in effect, moneys drawn under such Credit Facility pursuant to **Section 3.8(a)(ii)**;

(iii) if a Credit Facility is then in effect, moneys from the Bond Purchase Fund constituting Eligible Funds, if any, under clause (i) of the definition of Eligible Funds that have been transferred to the Paying Agent pursuant to **Section 4.4**; and

(iv) any other moneys furnished by or on behalf of the Company for purchase of Bonds.

Bonds (or portions thereof) purchased as provided above shall be delivered as provided in **Section 2.8**.

(h) **Notice of Mandatory Purchase Date.** Not less than fifteen (15) days prior to each Mandatory Purchase Date occurring as a result of a Credit Modification Date or at the Company's direction, and not less than three (3) days prior to each Mandatory Purchase Date occurring at the Credit Issuer's direction, the Trustee shall give written notice of such Mandatory Purchase Date to the Remarketing Agent, the Paying Agent and, by first-class mail, postage prepaid, the Holders, which notice shall be in substantially the form of **Exhibits D** or **E** hereto, as the case may be, appropriately completed. Failure to mail such notice or any defect therein shall not affect the rights or obligations of Holders and the Trustee shall not be liable to any Holder by reason of its failure to mail such notice or any defect therein. With respect to a Mandatory Purchase Date that is a Conversion Date, the Trustee shall provide notice to the Holders as set forth in **Section 2.4(d)**. With respect to a Mandatory Purchase Date that is a Credit Issuance Date, the Trustee shall provide notice to the Holders as set forth in **Section 2.5(c)**.

Section 2.7 Remarketing of Bonds.

(a) **Best Efforts to Place Bonds.** The Remarketing Agent shall use its best efforts to place Bonds (or portions thereof) at a price of par plus accrued interest, if any, on each date that such Bonds (or portions thereof) are required to be purchased pursuant to **Section 2.6** and if such Bonds are not placed on such date (such Bonds being hereinafter referred to as "Unremarketed Bonds"), the Remarketing Agent shall continue, for a period not in excess of thirty (30) days thereafter, to use its best efforts to place such Unremarketed Bonds at a price of par plus accrued interest, if any. The Remarketing Agent shall use its best efforts to place Unremarketed Bonds on a particular date that is more than thirty (30) days after the date on which such Unremarketed Bonds were tendered (or deemed tendered) for purchase and became Unremarketed Bonds upon receipt by the Remarketing Agent and the Trustee by 10:00 a.m.,

Local Time, on such date, of an Opinion of Bond Counsel to the effect that under the laws existing on such date, the placement of such Unremarketed Bonds on such date will not adversely affect the exclusion of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes. By 12:00 noon, Local Time, on the Business Day prior to each date that the Bonds (or portions thereof) are required to be purchased pursuant to **Section 2.6**, the Remarketing Agent shall give initial notice by telephone (promptly confirmed by telecopy) of the principal amount of the Bonds for which it has arranged placement, together with the principal amount of the Bonds, if any (and such other particulars with respect thereto as the Trustee may deem necessary), for which it has not arranged placement, to the Trustee, the Company and the Credit Issuer, if any, and the Paying Agent.

Such initial notice shall be confirmed by telephone notice by 9:00 a.m., Local Time, on the date that such Bonds are to be purchased (such notice to be promptly confirmed in writing) of the amount of Bonds not remarketed and the information necessary to enable the Trustee to prepare new Bond certificates with respect to the Bonds that were remarketed. By 9:30 a.m., Local Time, the Remarketing Agent shall transfer to the Paying Agent the proceeds of the remarketing of such Bonds. By 10:30 a.m., Local Time, the Paying Agent shall notify the Trustee of the amount of remarketing proceeds it received from the Remarketing Agent.

Notwithstanding anything herein to the contrary, Bonds may be remarketed only at a price of par.

(b) **Draws on Credit Facility.** In the event that moneys from the source described in **Section 2.6(g)(i)** are insufficient to pay the Purchase Price of Bonds tendered or deemed tendered on an Optional Tender Date or a Mandatory Purchase Date, the Trustee shall, by 11:00 a.m., Local Time, on such Optional Tender Date or Mandatory Purchase Date, take all action required to cause the Purchase Price of such Bonds, to the extent not available from the source described in **Section 2.6(g)(i)**, to be paid from the Credit Facility. In the event the Purchase Price of Bonds is paid from the Credit Facility as described herein, and the Company does not reimburse the Credit Issuer for such Purchase Price, upon the remarketing of such Bonds as described in **Section 2.7(a)**, the Paying Agent shall deliver the proceeds of the remarketing of such Bonds to the Credit Issuer.

(c) **No Remarketing During Default.** The Remarketing Agent shall not be required to remarket any Bonds pursuant to this Section if it has actual knowledge that an Event of Default shall have occurred and be continuing hereunder or if the Remarketing Agent determines, in its sole discretion, that the remarketing of the Bonds would be unlawful or would be likely to result in the imposition of liability or damages against the Issuer, the Remarketing Agent, the Paying Agent, the Trustee, the Credit Issuer, if any, or the Company.

(d) **Remarketing to Company or Issuer.** If a Credit Facility is then in effect, the Remarketing Agent shall not remarket any Bonds to (i) the Company, (ii) any other Person obligated (as guarantor or otherwise) to make payments on the Bonds or under the Loan Agreement or the Credit Agreement, (iii) an "affiliate" of the Company as defined in Bankruptcy Code § 101(2) (if the Remarketing Agent has actual knowledge that such Person is an "affiliate" at the time of such remarketing), or (iv) the Issuer, pursuant to this Section prior to the expiration or earlier termination of the Credit Facility unless, prior to such remarketing, the Trustee, the

Rating Agency, if any, rating the Bonds, and the Remarketing Agent shall have received an unqualified opinion of Counsel experienced in bankruptcy law matters to the effect that such remarketing would not result in a preferential payment pursuant to the provisions of Section 547 of the Bankruptcy Code recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy, and if a Rating Agency is rating the Bonds, such Rating Agency has confirmed to the Trustee in writing that its rating will not be withdrawn or reduced as a result of such remarketing.

(e) **Notice to Proposed Purchasers of Bonds.** The Remarketing Agent will give any Person to whom Bonds are proposed to be remarketed written notice of any Mandatory Purchase Date, acceleration of maturity of Bonds or redemption of Bonds, notice of which has been given to Holders, prior to remarketing Bonds to such Person.

(f) **No Remarketing Under Certain Conditions.** Notwithstanding anything to the contrary herein provided, the Bonds shall not be remarketed unless (i) a Credit Facility providing for the payment of the principal of and interest on, and Purchase Price of, the Bonds will be in effect following the remarketing of such Bonds, (ii) no such Credit Facility will be in effect, but at the time of such remarketing, the Bonds are rated by a Rating Agency and such long-term and/or short-term rating is satisfactory to the Remarketing Agent in its sole discretion, or (iii) no such Credit Facility will be in effect, but following the remarketing of such Bonds, the Bonds will bear interest at a Fixed Rate. Notwithstanding anything to the contrary herein provided, the Bonds shall not be remarketed following a Mandatory Purchase Date occurring at the Credit Issuer's direction unless and until the Remarketing Agent has received the consent of the Credit Issuer to such remarketing.

Section 2.8 Delivery of Purchased Bonds. Bonds (or portions thereof) purchased pursuant to Section 2.6 shall be delivered as follows:

(a) **Bonds Purchased from Remarketing Proceeds.** Bonds purchased with moneys described in Section 2.6(g)(i) shall be delivered to the purchasers thereof upon receipt of payment therefor. Prior to such delivery the Registrar shall provide for registration of transfer to the Holders, as provided in a written notice from the Remarketing Agent.

(b) **Bonds Purchased from Draws Under Credit Facility.** Bonds (or portions thereof) purchased with moneys drawn under the Credit Facility ("Pledged Bonds") shall be surrendered to the Trustee for registration of transfer to the Company and upon such registration of transfer, the Bonds issued in respect thereof shall be (i) delivered to and held by the Trustee for the account of the Company, and no such Bond shall be released, pledged or otherwise transferred or disposed of until the Trustee shall have received written notice from the Credit Issuer that the amounts so drawn under the Credit Facility, together with interest thereon, if any, due pursuant to any Credit Agreement, have been reimbursed to the Credit Issuer and that the amount so drawn under the Credit Facility with respect to such Bonds has been, or upon such release will be, correspondingly and fully reinstated, and thereupon shall be delivered to, or in accordance with the written direction of, the Company or (ii) if required pursuant to any Credit Agreement, issued to a pledge agent for the account of the Credit Issuer as pledgee of such Bonds and no such Bond shall be released, pledged or otherwise transferred or disposed of until the Trustee shall have received written notice from the Credit Issuer that the amounts so drawn

under the Credit Facility, together with interest thereon, if any, due pursuant to any Credit Agreement, have been reimbursed to the Credit Issuer and that the amount so drawn under the Credit Facility with respect to such Bonds has been, or upon such release will be, correspondingly and fully reinstated. If the Book-Entry System is in effect and less than all of the Bonds become Pledged Bonds, the Trustee shall withdraw any Pledged Bonds from the Book-Entry System and shall authenticate and hold physical bonds as described in this subsection until such Bonds are released as provided in this subsection, at which time the Trustee shall reinstate the Book-Entry System with respect to such Bonds.

(c) **Bonds Purchased with Other Moneys.** Bonds (or portions thereof) purchased with any other moneys pursuant to **Section 2.6(g)** shall be delivered to the Trustee (i) for cancellation and shall be cancelled, or (ii) if the Company requests, for registration of transfer to the Company.

(d) **During Book-Entry System.** Notwithstanding anything herein to the contrary, so long as the Bonds are held under the Book-Entry System, Bonds will not be delivered as set forth in (a) through (c) above (except as set forth in the last sentence of **Section 2.8(b)** above); rather, transfers of beneficial ownership and pledges of the Bonds to the persons indicated above will be effected on the books of the Securities Depository and its Participants pursuant to its rules and procedures.

Section 2.9 Execution; Limited Obligation. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Issuer and attested by the manual or facsimile signature of the Clerk of the Issuer and shall have impressed or imprinted thereon the seal (or a facsimile thereof), if any, of the Issuer.

In case any officer whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such manual or facsimile signatures shall nevertheless be valid and sufficient for all purposes.

The Bonds shall be limited obligations of the Issuer. The Bonds and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the Issuer, the State or any political subdivision or agency thereof within the meaning of any State constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the State or any such political subdivision or agency. The Bonds and the interest thereon are payable solely from and secured by the Security, including the moneys available to be drawn by the Trustee under any Credit Facility that may be in effect from time to time to support payments due on or with respect to the Bonds, all as described in and subject to limitations set forth in this Indenture, for the equal and ratable benefit of the Holders, from time to time, of the Bonds.

Section 2.10 Certificate of Authentication. No Bonds shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication, substantially in the form as set forth in the form of Bond referred to in **Section 2.11**, executed by an authorized representative of the Trustee; and such certificate on any Bond issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

Section 2.11 Form of Bonds.

(a) The Bonds, the Trustee's certificate of authentication and the form of assignment shall be in substantially the form set forth as **Exhibit A** hereto, with such appropriate variations, omissions, substitutions and insertions as are permitted or required hereby or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officers of the Issuer executing such Bonds, as evidenced by their execution of the Bonds.

(b) The Bonds shall be in either typewritten or printed form, as the Company shall direct, on behalf of the Issuer, with approval of the Trustee; provided that any expenses, including but not limited to expenses of printing, incurred in connection therewith shall be paid by the Company.

(c) On and after any Mandatory Purchase Date, Bonds authenticated and delivered hereunder shall have omitted from the text thereof such provisions contained in the form of the Bonds set forth as **Exhibit A** hereto as are not applicable to the Bonds on and after such date or shall include such provisions as will become applicable after such date including, without limitation, any reference to entitlement to any benefit of the Credit Facility, if then in effect, and any redemption provisions made applicable as a result of the occurrence of a Conversion Date relating to a conversion to a Fixed Rate.

Section 2.12 Delivery of Bonds. Upon the execution and delivery hereof, the Issuer shall execute the Bonds and deliver them to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to such purchaser or purchasers as shall be directed in writing by the Issuer as hereinafter provided in this Section.

Prior to the direction by the Issuer to the Trustee to deliver any of the Bonds there shall be filed with the Trustee:

(a) A certified copy of all resolutions adopted and proceedings had by the Issuer authorizing execution of the Indenture and the Loan Agreement and the issuance of the Bonds;

(b) An original executed counterpart of this Indenture, the Loan Agreement, the Note (endorsed without recourse by the Issuer to the Trustee), the Purchase Agreement and the Remarketing Agreement;

(c) An original executed counterpart of the Credit Agreement and the original executed Original Credit Facility, if a Credit Facility is to be issued on the Issue Date;

(d) Copies of any Financing Statements filed to perfect the security interests in the Security;

(e) A copy of completed IRS Form 8038 to be filed by or on behalf of the Issuer pursuant to Section 149(e) of the Code;

(f) An original executed counterpart of the certificate of the Issuer establishing its reasonable expectations to the effect that the Bonds will not be "arbitrage bonds" within the meaning of Section 148 of the Code;

(g) An opinion of Counsel to the effect that this Indenture, the Loan Agreement and the Purchase Agreement have been duly authorized, executed and delivered by the Issuer and are legal, valid and binding agreements of the Issuer, and an approving opinion of Bond Counsel that the Bonds have been duly authorized and validly issued and that interest on the Bonds will not be included in gross income of the Holders thereof for federal income tax purposes;

(h) An opinion of Counsel for the Company to the effect that the Loan Agreement, the Note, the Purchase Agreement and the Remarketing Agreement have been duly authorized, executed and delivered by the Company and are legal, valid and binding agreements of the Company;

(i) An opinion of Counsel for the Credit Issuer of the Original Credit Facility, if any, addressed to the Issuer, the Company, the Remarketing Agent, the Trustee and the Paying Agent to the effect that the Original Credit Facility has been duly executed and delivered by the Credit Issuer and is a legal, valid and binding obligation of the Credit Issuer or, if the Original Credit Facility is issued by a branch or agency of a foreign commercial bank, to the effect that the Original Credit Facility is the legal, valid and binding obligation of such branch or agency and there shall also be delivered an opinion of Counsel licensed to practice law in the jurisdiction in which the main office of such bank is located, satisfactory to the Trustee, to the effect that such Original Credit Facility has been duly executed and delivered by such branch or agency and is the legal, valid and binding obligation of such bank; and

(j) A request and authorization to the Trustee on behalf of the Issuer and signed by a duly authorized officer of the Issuer directing the Trustee to authenticate and deliver the Bonds in such specified denominations as permitted herein to the initial purchaser or purchasers upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money.

Upon receipt of the foregoing, the Trustee shall authenticate and deliver the Bonds as provided above.

Section 2.13 Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond of the same maturity, interest rate, principal amount and tenor in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided, that there shall be first furnished to the Trustee evidence satisfactory to it and the Issuer of the ownership of such Bond and of such loss, theft or destruction (or, in the case of a mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee), together with indemnity satisfactory to the Trustee and the Issuer and compliance with such other reasonable regulations as the Issuer and the Trustee may prescribe. If any such Bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new Bond the Issuer may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond with their reasonable fees and expenses in connection with this Section.

Section 2.14 Exchangeability and Transfer of Bonds; Persons Treated as Owners.

Books for the registration of the Bonds and for the registration of transfer of the Bonds as provided herein shall be kept by the Registrar.

Any Holder of a Bond, in person or by his/her duly authorized attorney, may transfer title to his/her Bond on the Register upon surrender thereof at the principal office of the Trustee, and by providing the Registrar with a written instrument of transfer (in substantially the form of assignment attached to the Bond) executed by the Holder or his/her duly authorized attorney, and thereupon, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount and tenor as the Bond surrendered (or for which transfer of registration has been effected) and of any Authorized Denomination or Authorized Denominations.

Bonds may be exchanged upon surrender thereof at the principal office of the Registrar with a written instrument of transfer satisfactory to the Registrar executed by the Holder or such Holder's attorney duly authorized in writing, for an equal aggregate principal amount of Bonds of the same tenor as the Bonds being exchanged and of any Authorized Denomination or Authorized Denominations. The Issuer shall execute and the Trustee shall authenticate and deliver Bonds that the Holder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

Such registrations of transfer or exchanges of Bonds shall be without charge to the Holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Bond requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege. Any service charge made by the Registrar for any such registration of transfer or exchange and all reasonable expenses of the Issuer and the Trustee shall be paid by the Company.

The Registrar shall not register any transfer of any Bond, except pursuant to a tender of Bonds on an Optional Tender Date or a Mandatory Purchase Date, after notice calling such Bond (or portion thereof) for redemption has been given and prior to such redemption, except in the case of any Bond to be redeemed in part, the portion thereof not to be redeemed. In connection with any such transfer pursuant to a tender of Bonds on an Optional Tender Date or a Mandatory Purchase Date, the Registrar shall deliver to the transferee a copy of the applicable notice of redemption.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of either principal or interest shall be made only to or upon the order of the registered owner thereof or his/her duly authorized attorney, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

All Bonds issued upon any registration of transfer or exchange of Bonds shall be legal, valid and binding limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such registration of transfer or exchange.

Notwithstanding the foregoing, for so long as the Bonds are held under the Book-Entry System, transfers of beneficial ownership will be effected pursuant to rules and procedures established by the Securities Depository.

Section 2.15 Replacement Bonds. Except when the Bonds are held in the Book-Entry System, the Issuer shall execute and the Trustee shall authenticate and deliver Replacement Bonds to replace Untendered Bonds. Any such Replacement Bond shall be executed and authenticated as provided in this Indenture. The Company shall bear all expenses in connection with the preparation and delivery of the Replacement Bonds.

Section 2.16 Cancellation. All Bonds that have been surrendered to the Registrar pursuant to Sections 2.13, 2.14 or 2.15 of this Indenture or for the purpose of purchase upon an Optional Tender Date or a Mandatory Purchase Date, or for payment upon maturity or redemption prior to maturity, shall be cancelled and destroyed by the Registrar and a certificate of destruction shall be delivered upon Request to the Issuer and the Company.

Section 2.17 Ratably Secured. All Bonds issued hereunder are and are to be, to the extent provided in this Indenture, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication, delivery or maturity of the Bonds so that subject as aforesaid, all Bonds at any time Outstanding shall have the same right, lien and preference under and by virtue of this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof, whether the same, or any of them, shall actually be disposed of at such date, or whether they, or any of them, shall be disposed of at some future date. Notwithstanding the foregoing, any Bond that is registered in the name of the Company or held or required to be held by the Trustee or any pledge agent under a pledge agreement pursuant to Section 2.8 shall not be entitled to any benefit of the Credit Facility, if any.

Section 2.18 Redemption of Bonds; Partial Redemption of Bonds.

(a) **Optional Redemption.** During any Weekly Rate Period the Bonds are subject to redemption, at the direction of the Company, in whole on any Business Day or in part on any Interest Payment Date at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date.

During any Fixed Rate Period the Bonds are subject to redemption, at the direction of the Company, in whole or in part on any Interest Payment Date occurring on or after the First Day of Redemption Period as described below, at the principal amount thereof, plus a redemption premium (expressed as a percentage of principal amount) plus accrued interest thereon to, but not including, the redemption date as follows, provided, however, if a Credit Facility is then in effect, such redemption premium shall be paid only from Eligible Funds described in clause (i) of the definition of Eligible Funds on deposit in the Bond Fund, unless such Credit Facility provides for payment of such premium:

Length of Fixed Rate Period From Conversion Date Until End of Rate Period (Expressed in Years)	First Day of Redemption Period	Redemption Premium as a Percentage of Principal Amount of Bonds
More than 15	10th Anniversary of Conversion Date	3% declining by 1% every year after the 10th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%
More than 10 but not more than 15	7th Anniversary of Conversion Date	3% declining by 1% every year after the 7th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%
More than 5 but not more than 10	4th Anniversary of Conversion Date	2% declining by 1% every year after the 4th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%
5 or less	Bonds not redeemable pursuant to this paragraph	N/A

The above premiums may be changed upon the conversion to a Fixed Rate upon the receipt of an Opinion of Bond Counsel subject to and in accordance with the provisions of Sections 2.3(d).

(b) **Extraordinary Optional Redemption.** The Bonds are subject to redemption in whole, at the direction of the Company, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date, on any date for which the requisite notice of redemption can be given, within one hundred eighty (180) days of the occurrence of any of the following events:

(i) the Project Facilities shall have been damaged or destroyed to such an extent that in the judgment of the Company (A) it cannot reasonably be restored within a period of three (3) consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Company is thereby prevented from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months, or (C) it would not be economically feasible for the Company to replace, repair, rebuild or restore the same;

(ii) title in and to, or the temporary use of, all or substantially all of the Project Facilities shall have been taken under the exercise of the power of eminent domain by any governmental authority or any Person acting under governmental authority (including such a taking as, in the judgment of the Company, results in the Company being prevented thereby from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months);

(iii) as a result of any changes in the Constitution of the State, or the Constitution of the United States of America or by legislative or administrative action (whether state or federal) or by final decree, judgment, decision or order of any court or administrative body (whether state or federal), the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein;

(iv) unreasonable burdens or excessive liabilities shall have been imposed on the Company with respect to the operations of the Project Facilities, including, without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Indenture that, in the judgment of the Company, render the continued operation of the Project Facilities uneconomical;

(v) changes which the Company cannot reasonably control or overcome in the economic availability of materials, supplies, labor, equipment and other properties and things necessary for the efficient operation of the Project Facilities for the purposes contemplated by the Loan Agreement shall have occurred or technological changes that the Company cannot reasonably overcome shall have occurred that, in the judgment of the Company, render the continued operation of the Project Facilities uneconomical;

(vi) legal curtailment of the Company's use and occupancy of all or substantially all of the Project Facilities for any reason other than that set forth in (ii) above, which curtailment shall, in the judgment of the Company, prevent the Company from carrying on its normal operations at the Project Facilities for a period of three (3) consecutive months; or

(vii) the Loan Agreement is terminated prior to its expiration for any reason other than the occurrence of an Event of Default under the Loan Agreement.

(c) **Mandatory Redemption.** The Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date (and not including any premium that might otherwise be payable during any Fixed Rate Period) on any Business Day for which the requisite notice of redemption can be given within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if mandatory redemption on account of a Determination of Taxability of less than all the Bonds would result, in the Opinion of Bond Counsel, in the interest on the Bonds Outstanding following such mandatory redemption not being includable in the gross income of the Holders of such Bonds Outstanding, then the Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion, provided that such redemption must be in an Authorized Denomination.

(d) **Reserved.**

(e) **Selection of Bonds to be Redeemed.** If less than all the Outstanding Bonds shall be called for redemption, the Registrar or, if the Bonds are held in the Book-Entry System, the Securities Depository shall first select and call for redemption Bonds held by the Trustee or a

pledge agent for the account of the Company and pledged to the Credit Issuer as contemplated in **Section 2.8(b)**. If, following such selection, additional Bonds must be selected and called for redemption, the Registrar or, if the Bonds are held in the Book-Entry System, the Securities Depository shall select or arrange for the selection, in such manner as it shall deem fair and equitable and pursuant to its rules and procedures, the Bonds, in Authorized Denominations, provided that any Bond or portion thereof remaining Outstanding shall be in an Authorized Denomination. If there shall be called for redemption less than the principal amount of a Bond, the Issuer shall execute and the Trustee shall authenticate and deliver, upon surrender of such Bond, without charge to the Holder thereof in exchange for the unredeemed principal amount of such Bond at the option of such Holder, Bonds in any of the Authorized Denominations or, if the Bonds are held in the Book-Entry System, the Securities Depository shall, acting pursuant to its rules and procedures, reflect in said system the partial redemption and the Trustee shall (i) either exchange the Bond or Bonds held by the Securities Depository for a new Bond or Bonds in the appropriate principal amount, if such Bond is presented to the Trustee by the Securities Depository, or (ii) obtain from the Securities Depository a written confirmation of the reduction in the principal amount of the Bonds held by such Securities Depository.

Section 2.19 Notice of Redemption. The Company shall exercise its option to prepay Repayments (and thereby cause a redemption of Bonds) by giving written notice to the Remarketing Agent, the Trustee, the Paying Agent and the Credit Issuer, if a Credit Facility is then in effect, not less than forty-five (45) days prior to the date selected for redemption; provided, however, that, if such redemption is pursuant to **Section 2.18(b)**, the Company shall also deliver a certificate of a Company Representative certifying that the conditions precedent to such redemption have been met. To exercise any optional redemption pursuant to **Section 2.18(a)** so long as a Credit Facility is in effect, then at least one day before the Trustee is to give notice of such redemption, the Trustee must have received written consent from the Credit Issuer to a draw on the Credit Facility in the amount of such redemption price if moneys in the Bond Fund constituting Eligible Funds under clause (i) of the definition of Eligible Funds will not be available to reimburse the Credit Issuer for such drawing on the date of such redemption. If the Credit Issuer does not consent to a drawing for such optional redemption of Bonds pursuant to **Section 2.18(a)** and/or a redemption premium the payment of which is not provided for in the Credit Facility will be payable in connection with such optional redemption of Bonds pursuant to **Section 2.18(a)**, the Trustee shall condition such call for redemption upon the deposit with the Trustee of sufficient Eligible Funds on or prior to the date selected for redemption to reimburse the Credit Issuer for such drawing and/or to pay such redemption premium, and if sufficient Eligible Funds are not so available on the date selected for redemption, such call for redemption shall be revoked. Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least thirty (30) days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing on the Register, but no defect in or failure to give such notice of redemption shall affect the validity of the redemption. A notice of optional redemption shall describe whether and if the conditions under which the call for redemption shall be revoked. All Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided Eligible Funds for their redemption have been duly deposited with the Trustee and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to

receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed.

Section 2.20 Book-Entry System. The Bonds shall be initially issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section. Any provision of this Indenture or the Bonds requiring physical delivery of the Bonds (other than the final sentence of **Section 2.8(b)**) shall, with respect to any Bonds held under the Book-Entry System, be deemed to be satisfied by a notation on the Register maintained by the Registrar that such Bonds are subject to the Book-Entry System.

So long as a Book-Entry System is being used, one Bond in the aggregate principal amount of the Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository and held in its custody. The Book-Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with registration of transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal of, interest and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Register as the registered Holder of such Bond or his/her registered assigns or legal representative at the principal office of the Registrar. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes (except as provided in **Section 2.6(b)**). Transfer of principal, interest and any premium payments or notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfer of principal, interest and any premium payments or notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of said Holder as may be specified in the Register maintained by the Registrar or by such other method of payment as the Trustee may determine to be necessary or advisable with the concurrence of the Securities Depository.

If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds, or (ii) the Remarketing Agent elects to remove the Securities Depository, then the Remarketing Agent may appoint a new Securities Depository. The Remarketing Agent may elect to remove the Securities Depository at any time.

If (i) the Securities Depository determines not to continue to administer a Book-Entry System for the Bonds or has been removed and the Remarketing Agent fails to appoint a new Securities Depository, or (ii) the Remarketing Agent determines that continuation of a Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect

the interests of the Beneficial Owners, the Book-Entry System will be discontinued, in which case the Trustee will deliver replacement Bonds in the form of fully registered certificates in Authorized Denominations in exchange for the Outstanding Bonds as required by the Trustee and the Beneficial Owners.

ARTICLE III

SECURITY

Section 3.1 Security. The Bonds and the interest and any premium thereon shall be a limited obligation of the Issuer as provided in **Section 2.9**, and shall be secured by and payable from and the Issuer hereby pledges and assigns to the Trustee as such security the following:

- (i) all Repayments received by the Issuer under the Loan Agreement and the Note, which Repayments are to be paid directly by the Company to the Trustee and deposited in the Bond Fund or the Bond Purchase Fund in accordance with this Indenture;
- (ii) all moneys in the Bond Fund, the Bond Purchase Fund, the Surplus Fund and the Project Fund, including the proceeds of the Bonds pending disbursement thereof;
- (iii) all of the Issuer's rights, title and interest in the Loan Agreement and the Note, except Reserved Rights;
- (iv) all other rights and interests granted to the Issuer in connection with the Loan Agreement (except Reserved Rights) as set forth herein or granted directly to the Trustee as provided herein; and
- (v) all of the proceeds of the foregoing (except the amounts payable to or on behalf of the Issuer on account of its Reserved Rights), including without limitation investments thereof.

The foregoing are collectively the "Security" and, in consideration of the purchase of the Bonds and to secure payment of the principal of, premium, if any, and interest on the Bonds and any other cost or pecuniary liability of the Issuer relating to the Bonds or any proceeding, document or certification incidental to the issuance of the Bonds, and to secure performance and observance of all covenants, terms and conditions upon which the Bonds are to be issued, including without limitation this Indenture, the Issuer, without recourse, representation or warranty, pursuant to law hereby conveys, assigns and pledges all of its right, title and interest in, and grants a security interest in, the Security to the Trustee, and its successors and assigns, in trust for the benefit of the Holders, and their successors and assigns. For reference purposes, any Credit Facility shall be deemed a part of the Security during any period during which it is in effect.

Section 3.2 Payment of Bonds and Performance of Covenants. The Issuer shall promptly pay, but only out of the Security, the principal of, premium, if any, and interest on the Bonds at the place, on the dates and in the manner provided in the Bonds. The Issuer shall

promptly perform and observe all covenants, undertakings and obligations set forth herein, in the Loan Agreement or the Bonds on its part to be performed or observed. The Issuer shall fully cooperate with the Trustee in the enforcement by the Trustee of any such rights granted to the Issuer under the Loan Agreement.

Section 3.3 Authority. The Issuer represents and warrants that (i) it is duly authorized under the Constitution and laws of the State to issue the Bonds, and to execute, deliver and perform the terms of the Loan Agreement and this Indenture; (ii) all action on its part for the issuance of the Bonds and execution and delivery of the Loan Agreement and this Indenture has been duly taken; (iii) the Bonds, upon issuance and authentication, and the Loan Agreement and this Indenture upon delivery, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, shall be valid and enforceable obligations of the Issuer in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and general equitable principles; (iv) it has not heretofore conveyed, assigned, pledged, granted a security interest in or otherwise disposed of the Security; (v) it has not received any payments under the Loan Agreement; (vi) without making any independent investigation, it has no knowledge of any right of set-off, defense or counterclaim to payment or performance of the terms or conditions of the Loan Agreement; and (vii) the execution, delivery and performance of the Loan Agreement and this Indenture and issuance of the Bonds are not in contravention of law or any agreement, instrument, indenture or other undertaking to which it is a party or by which it is bound and no other approval, consent or notice from any governmental agency is required on the part of the Issuer.

Section 3.4 No Litigation. The Issuer represents and warrants that there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, this Indenture or the Loan Agreement or (ii) the tax-exempt status of interest on the Bonds.

Section 3.5 Further Assurances. The Issuer covenants that it will cooperate to the extent necessary with the Company, the Trustee and any Credit Issuer in their defenses of the Security against the claims and demands of all Persons and, upon payment or provision for payment of the fees and expenses to be incurred by the Issuer in connection therewith, will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee or any Credit Issuer may reasonably require for the better pledging of the Security. The Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement without the prior written consent of the Trustee, which consent shall be governed by **Article VIII**.

Section 3.6 No Other Encumbrances. The Issuer covenants that, except as otherwise provided herein and in the Loan Agreement, it will not sell, convey, mortgage, encumber or otherwise dispose of any portion of the Security.

Section 3.7 No Personal Liability. No recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the Bonds or the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 3.8 Credit Facility.

(a) **Draws on Credit Facility.** Except with respect to Bonds registered in the name of the Company, or held or required to be held by the Trustee or any pledge agent under a pledge agreement pursuant to **Section 2.8** (which Bonds shall not be entitled to any benefit of any Credit Facility) at any time a Credit Facility is in effect (i) the Trustee shall draw moneys under such Credit Facility in accordance with the terms of the Credit Facility to the extent necessary to make timely payments of principal, premium, if any (if such Credit Facility provides for payment of such premium), and interest on the Bonds, in accordance with **Section 4.1**, (ii) the Trustee shall draw moneys, in accordance with **Section 2.7**, under such Credit Facility in accordance with the terms of the Credit Facility to the extent available in order to effect the purchase of Bonds (or portions thereof in Authorized Denominations) on a Mandatory Purchase Date or an Optional Tender Date, and (iii) upon declaration of acceleration of the Bonds pursuant to **Section 6.2**, the Trustee shall draw on the Credit Facility in accordance with the terms of the Credit Facility to the extent available in an amount equal to the full unpaid principal of and accrued interest on the Bonds. The Paying Agent shall promptly provide notice to the Trustee of any failure to pay principal of, premium, if any, or interest on the Bonds or the Purchase Price thereof.

(b) **Reduction of Credit Facility.** Upon any redemption or defeasance of any Bonds or upon cancellation of any Bonds upon purchase thereof as contemplated by **Section 2.8**, the Trustee shall send notice to the Credit Issuer to reduce the amount available to be drawn on the Credit Facility (with written notice of the same to the Company) and the Trustee shall, upon request, confirm to the Credit Issuer and the Company the principal amount of Bonds redeemed, cancelled or defeased.

(c) **Extensions of Credit Facility.** In the event that the term of the Credit Facility is extended, unless it is automatically extended by its terms or is extended by amendment, the Trustee shall surrender the instrument evidencing the Credit Facility to the Credit Issuer in exchange for a new instrument conforming, in the opinion of Counsel, in all

material respects to the instrument evidencing the Credit Facility being surrendered, except that the term thereof shall reflect the new term of the Credit Facility. The Trustee shall promptly surrender the instrument evidencing the Credit Facility to the Credit Issuer for cancellation upon discharge of the Indenture pursuant to **Section 5.1** or following a Credit Modification Date. If the Bonds are rated by a Rating Agency, notice of any extension of the Credit Facility (unless automatically extended by its terms) shall be furnished to such Rating Agency by the Trustee.

(d) **Expiration or Termination of Credit Facility.** If the Credit Facility provides that its term will be extended automatically unless the Credit Issuer notifies the Trustee that the term will not be extended, then if the Trustee receives notice from the Credit Issuer that the term of the Credit Facility will not be extended the Trustee shall mail a copy of such notice to the Company, the Remarketing Agent, the Paying Agent and any Rating Agency then rating the Bonds no later than the Business Day after the Trustee receives such notice. The Trustee shall give notice to the Remarketing Agent and the Paying Agent, in the name of the Credit Issuer, of the expiration or earlier termination of any Credit Facility then in effect, which notice shall specify the date of such expiration or earlier termination of the Credit Facility. If the Bonds are rated by a Rating Agency, notice of any such expiration or termination of the Credit Facility shall be furnished to such Rating Agency by the Trustee. On any Credit Modification Date, the Trustee shall not surrender any evidence of the Credit Facility that is expiring or being terminated until the Trustee shall have made such drawings, if any, and taken such other actions, if any, thereunder as shall be required under this Indenture in order to provide sufficient money for payment of the Purchase Price of Bonds tendered or deemed tendered on such Credit Modification Date to the extent necessary pursuant to **Section 2.6(g)**, and shall have received the proceeds of such drawing from the Credit Issuer. Notwithstanding any provision hereof to the contrary, the Company may not cause any Credit Facility to be terminated prior to its stated expiration date (whether in connection with the delivery of an Alternate Credit Facility or otherwise) during a Fixed Rate Period.

(e) **Alternate Credit Facility.** At any time, upon at least twenty-five (25) days prior written notice to the Trustee, the Paying Agent, the Rating Agency, if any, rating the Bonds, and the Remarketing Agent, the Company may, with the consent of the Remarketing Agent, provide for delivery to the Trustee of an Alternate Credit Facility in accordance with the terms and conditions contained in this Section. Not less than fifteen (15) days prior to the proposed Alternate Credit Facility Effective Date (as defined below), which shall be a Credit Modification Date, the Trustee shall give each Holder notice of such Credit Modification Date by first-class mail, postage prepaid, which notice shall be in substantially the form of **Exhibit D** hereto, appropriately completed; provided, however, that if the proposed Alternate Credit Facility Effective Date (as defined below) is also a Conversion Date, the notice provisions of **Section 2.4(d)** shall apply.

If the terms and conditions contained in this Section are satisfied, the Trustee shall accept an Alternate Credit Facility, and such Alternate Credit Facility shall become effective, on the date such Alternate Credit Facility is delivered to the Trustee (the "Alternate Credit Facility Effective Date"). During any Weekly Rate Period, the Alternate Credit Facility Effective Date may be any Business Day. During any Fixed Rate Period, the Trustee shall not accept any

Alternate Credit Facility. The Trustee may accept an Alternate Credit Facility on the first day of any Fixed Rate Period.

An Alternate Credit Facility shall be an irrevocable direct-pay letter of credit issued by a *commercial bank organized and doing business in the United States* or a branch or agency of a foreign commercial bank located in the United States and subject to regulation by state or federal banking regulatory authorities and shall have an expiration date that shall be at least one (1) year following the effective date thereof or on the second Business Day following the final maturity date of the Bonds, if sooner. On or before the date of the delivery of any Alternate Credit Facility to the Trustee, as a condition to the acceptance of any Alternate Credit Facility by the Trustee, the Company shall furnish to the Issuer and the Trustee (i) written evidence that the issuer of such Alternate Credit Facility is a commercial bank organized and doing business in the United States or a branch or agency of a foreign commercial bank located and doing business in the United States and subject to regulation by state or federal banking regulatory authorities, (ii) an Opinion of Bond Counsel to the effect that the delivery of such Alternate Credit Facility will not cause interest on the Bonds to be included in the gross income of the Holders thereof for federal income tax purposes and that such delivery is permitted under this Indenture, (iii) an opinion of Counsel satisfactory to the Trustee, the Rating Agency, if any, rating the Bonds, the Issuer, and the Remarketing Agent to the effect that the Alternate Credit Facility has been duly executed, issued and delivered by, and is the legal, valid and binding obligation of, the Credit Issuer (or, in the case of a branch or agency of a foreign commercial bank, the branch or agency) issuing the same, enforceable in accordance with its terms, that the Alternate Credit Facility is not subject to the registration requirements of the Securities Act of 1933, as amended, and if required by the Rating Agency, if any, rating the Bonds, that payments of principal, premium, if any, or Purchase Price of or interest on the Bonds from the proceeds of a drawing on the Alternate Credit Facility will not constitute avoidable preferences under the Bankruptcy Code, and (iv) evidence of written consent of the Remarketing Agent. In the case of an Alternate Credit Facility issued by a branch or agency of a foreign commercial bank there shall also be delivered an opinion of Counsel licensed to practice law in the jurisdiction in which the head office of such bank is located, satisfactory to the Trustee, the Rating Agency, if any, rating the Bonds, the Issuer and the Remarketing Agent, to the effect that the Alternate Credit Facility has been duly executed, issued and delivered by and is the legal, valid and binding obligation of such bank enforceable in accordance with its terms. The Trustee shall accept any such Alternate Credit Facility only in accordance with the terms, and upon the satisfaction of the conditions, contained in this Section and any other provisions applicable to acceptance of an Alternate Credit Facility under this Indenture.

ARTICLE IV

FUNDS

Section 4.1 Establishment and Use of Bond Fund and Current Account. There is hereby created and established with the Trustee the Bond Fund and, while a Credit Facility is in effect, within such Fund a special account designated the "Current Account." The Trustee shall establish with the Paying Agent a separate subaccount of the Bond Fund that, while a Credit Facility is in effect, shall be used for depositing moneys drawn by the Trustee under the Credit

Facility for the payment of principal and interest on the Bonds. Neither the Trustee nor the Paying Agent shall commingle proceeds of a drawing under the Credit Facility with any other funds. There shall be deposited in the Bond Fund (a) all Repayments specified in the Loan Agreement to be deposited in the Bond Fund, including all proceeds resulting from the enforcement of the Security or its realization as collateral, (b) all other moneys received by the Trustee under the Loan Agreement for deposit by it in the Bond Fund and (c) all moneys drawn under any Credit Facility to pay principal, premium, if any (if the Credit Facility provides for the payment of such premiums), or interest on the Bonds.

While a Credit Facility is in effect, each deposit into the Bond Fund not constituting Eligible Funds shall be placed in the Current Account within the Bond Fund and shall not be commingled with other moneys in the Bond Fund. The Trustee shall establish separate subaccounts within the Current Account for each deposit (including any investment income thereon) made into the Bond Fund so that the Trustee may at all times ascertain the date of deposit of the moneys in each subaccount.

Moneys in the Bond Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Bonds and for the payment of principal of and premium, if any, on the Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption.

The Issuer hereby authorizes and directs the Trustee, and the Trustee hereby agrees, to withdraw and make available at the principal office of the Paying Agent sufficient funds from the Bond Fund to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable, but only in the following order of priority:

FIRST: Amounts drawn by the Trustee under a Credit Facility then in effect (provided, however, that such amounts shall not be used to pay any premium on the Bonds unless such Credit Facility provides for the payment of such premium);

SECOND: If a Credit Facility is then in effect, from the sources provided in clause (i) of the definition of Eligible Funds; and

THIRD: Any other amounts (whether or not Eligible Funds) in the Bond Fund.

If moneys in the Bond Fund available pursuant to items FIRST and SECOND above are insufficient to make any payment of principal of, premium, if any or interest on the Bonds, whether due by maturity, acceleration, redemption or otherwise, or if the Credit Issuer has dishonored its obligations under the Credit Facility, the Trustee, on or after the date such payment is to be made, shall apply any moneys described in item THIRD above.

To the extent that a Credit Facility is drawn on to make a payment to any Holder, the Trustee shall use any moneys in the Bond Fund not then needed to make payments to Holders, regardless of whether such moneys constitute Eligible Funds, to reimburse the Credit Issuer.

After payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to **Section 5.2**, and the payment of all other amounts owing hereunder, any

amounts remaining in the Bond Fund shall be paid first to the Credit Issuer, if any, if there is then any amount owing by the Company to the Credit Issuer, and second to the Company.

Section 4.2 Establishment and Use of Project Fund. There is hereby created and established with the Trustee the Project Fund. The proceeds of the Bonds, as described in **Section 4.5**, shall be delivered to the Trustee for deposit into the Project Fund.

The Trustee is hereby authorized and directed to use moneys in the Project Fund for payment or reimbursement to the Company of the Costs of the Project in accordance with the provisions of the Loan Agreement; provided, however, after payment in full of the Bonds, or provision for the payment of the Bonds having been made pursuant to **Section 5.2**, and the payment of all other amounts owing hereunder, any amounts remaining in the Project Fund shall be paid first to the Credit Issuer, if any, if there is then any amount owing by the Company to the Credit Issuer, and second to the Company.

Section 4.3 Establishment and Use of Surplus Fund. There is hereby established and created with the Trustee the Surplus Fund. The Surplus Fund shall receive all Surplus Bond Proceeds transferred thereto in accordance with the written directions of the Company. The deposit of Surplus Bond Proceeds in the Surplus Fund shall be deemed to be a direction by the Company to the Trustee to redeem the greatest principal amount of the Bonds possible to be redeemed from such deposit pursuant to **Section 2.18(a)** on the earliest redemption date on which the Bonds may be redeemed, and on such redemption date (or, if such day is not a Business Day, the immediately preceding Business Day) an amount equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the redemption date shall be transferred from the Surplus Fund to the Bond Fund and used for such redemption. After such transfer, if and to the extent that there are moneys in the Surplus Fund on the date on which (i) the Bonds are scheduled to mature and (ii) the Bonds are scheduled to be redeemed in whole, such moneys in the Surplus Fund shall be transferred to the Bond Fund and shall be used for such payment or redemption. The foregoing provisions of this paragraph to the contrary notwithstanding, if while a Credit Facility is in effect there shall be any moneys on deposit in the Surplus Fund and there shall occur a drawing on the Credit Facility to pay principal of the Bonds (but not the Purchase Price of tendered Bonds) the Trustee shall use any moneys in the Surplus Fund to reimburse the Credit Issuer for such drawing; provided, further, if any of the events described in clauses (i) and (ii) above shall occur while a Credit Facility is in effect, the Trustee shall draw on the Credit Facility to the extent otherwise provided in this Indenture and shall immediately apply any moneys in the Surplus Fund (whether or not such moneys are Eligible Funds) to reimburse the Credit Issuer therefor in whole or in part.

Section 4.4 Establishment and Use of Bond Purchase Fund. There is hereby established and created with the Trustee the Bond Purchase Fund and, while a Credit Facility is in effect, within such fund a special account designated the "Current Purchase Account." There shall be deposited in the Bond Purchase Fund all moneys required to be paid by the Company to provide for the payment of the Purchase Price of Bonds pursuant to this Indenture, together with any other moneys received by the Trustee pursuant to this Indenture, the Loan Agreement or otherwise (including draws under the Credit Facility pursuant to **Section 3.8(a)(ii)**) that are required or directed to be paid into the Bond Purchase Fund. The Trustee shall establish with the Paying Agent a separate subaccount of the Bond Purchase Fund into which the proceeds of the

remarketing of Bonds to purchasers (other than the Issuer, the Company, any other Person obligated (as guarantor or otherwise) to make payments on the Bonds or under the Loan Agreement or under the Credit Agreement or any "affiliate" of the Company as defined in Bankruptcy Code § 101(2)) will be deposited and a separate subaccount of the Bond Purchase Fund into which all amounts drawn under the Credit Facility pursuant to **Section 3.8(a)(ii)** will be deposited. Neither the Trustee nor the Paying Agent shall commingle amounts in either of such subaccounts with any other funds.

While a Credit Facility is in effect, each deposit into the Bond Purchase Fund not constituting Eligible Funds shall be placed in the Current Purchase Account within the Bond Purchase Fund and shall not be commingled with other moneys in the Bond Purchase Fund.

Moneys in the Bond Purchase Fund shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the Purchase Price of the Bonds required to be purchased as set forth in **Section 2.6(g)**.

The Trustee is hereby authorized and directed, and the Trustee hereby agrees, to withdraw and to transfer to the Paying Agent funds from the Bond Purchase Fund as contemplated by **Section 2.6(g)** by 1:30 p.m., Local Time, on each date that Bonds are to be purchased pursuant to **Section 2.6** from the Bond Purchase Fund to pay the Purchase Price of Bonds tendered (or deemed tendered) for purchase pursuant to **Section 2.6**.

After payment in full of the Bonds, or provision having been made for payment of the Bonds pursuant to **Section 5.2**, and payment of all other amounts required to be paid under this Indenture, any amounts remaining in the Bond Purchase Fund shall be paid first to the Credit Issuer, if any, if there is any amount then owing by the Company to the Credit Issuer and, second to the Company.

Section 4.5 Deposit of Bond Proceeds. The proceeds from the initial sale of the Bonds shall be deposited in the Project Fund.

Section 4.6 Records. The Trustee shall cause to be kept and maintained records pertaining to the Project Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund and all disbursements therefrom and shall periodically deliver to the Company statements of activity and statements indicating the investments made with moneys in all such funds during the applicable period. Upon written request, the Trustee shall provide the Company, within a reasonable period of time, with a report stating the principal amount of Bonds outstanding and a list of the registered Holders of the Bonds as of the date specified by the Company in its request.

The Trustee shall provide the Company with a written report, on a monthly basis through the calendar month in which the last obligation of the Bonds is retired, identifying the Permitted Investments in which the moneys held as part of the Project Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund were invested during the preceding period and the dates of such investments, together with such other information as the Trustee ordinarily provides to Persons such as the Company in its regular monthly investment reports.

Section 4.7 Investment of Project Fund, Surplus Fund, Bond Fund and Bond Purchase Fund Moneys. Moneys held as part of the Project Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund shall be invested and reinvested in Permitted Investments as instructed by a Company Representative; provided, however, that (i) any moneys from a drawing under a Credit Facility and any moneys held by the Trustee to pay the principal or Purchase Price of, premium, if any, or interest that has become payable with respect to the Bonds shall not be invested and (ii) the Paying Agent shall not invest any moneys it receives under this Indenture. All Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund and account which was used to purchase the same. All interest accruing thereon and any profit realized from Permitted Investments shall be credited to the respective fund or account and any loss resulting from Permitted Investments shall be similarly charged. The Trustee is authorized to cause to be sold and reduced to cash a sufficient amount of Permitted Investments whenever the cash balance in any fund or account hereunder is or will be insufficient to make a requested or required disbursement. The Trustee shall not be responsible for any depreciation in the value of any Permitted Investment or for any loss resulting from such sale, so long as the Trustee performs its obligations hereunder in accordance with the provisions of **Section 7.1(e)**. Absent specific instructions from the Company to invest cash balances in Permitted Investments hereunder, the Trustee shall invest in Permitted Investments constituting obligations of the U.S. Treasury or its agencies having a term to maturity of not more than 30 days or any money market fund or similar investment fund that purchases and holds exclusively obligations of the United States of America or its agencies that have a term to maturity of not more than 30 days. Notwithstanding anything to the contrary herein provided, moneys constituting Eligible Funds shall only be invested in Government Obligations maturing on or before the date such Eligible Funds will be required for disbursement. Notwithstanding anything to the contrary herein provided, moneys deposited in the Surplus Fund pursuant to **Section 3.4** of the Loan Agreement shall not be invested at a yield exceeding the yield on the Bonds.

The Trustee shall not be responsible for determining whether any investment made by it in accordance with this Indenture is authorized under any applicable law.

Section 4.8 Arbitrage; Arbitrage Rebate Fund. The Issuer recognizes that investment of the Bond proceeds will be at the written direction of the Company but agrees that it will commit no act, or omit any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder. There is hereby established with the Trustee a Rebate Fund (the "Rebate Fund"). Any provisions in this Indenture to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

The Trustee shall deposit in the Rebate Fund the amount forwarded to the Trustee by the Company pursuant to **Section 8.9(b)** of the Loan Agreement. Within 60 days after each date on which rebate is required to be computed by the Code, the Trustee, acting on behalf of the Issuer, shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the Company may direct the Trustee to pay) of the amount certified by the Company to be the required rebate to the United States as calculated under Section 148(f)(2) of

the Code (hereinafter called the "Rebate Amount"). Within 60 days after the payment in full of all outstanding Bonds, the Trustee shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 100% of the Rebate Amount and any moneys remaining in the Rebate Fund following such payment shall be paid to the Company.

The Trustee shall be entitled to rely on the calculations made pursuant to this Section and neither the Issuer nor the Trustee shall be responsible for any loss or damage resulting from any good faith action taken or omitted to be taken in reliance upon such calculations.

The Trustee shall keep those records of the computations made pursuant to this Section that are furnished by the Company or the Issuer to the Trustee as required under Section 148(f) of the Code, provided that nothing in this Indenture shall impose any obligation on the Trustee with respect to requesting, preparing, obtaining or verifying any such records or any computations therein.

Moneys in the Rebate Fund may be invested as provided in **Section 4.7** for the investment of the Project Fund, the Surplus Fund, the Bond Fund and the Bond Purchase Fund.

Section 4.9 Non-presentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal of, premium (if any) and interest on such Bond shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, payment of such Bond or portion thereof as the case may be, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee, subject to any applicable escheat laws, to hold such fund or funds uninvested in the Bond Fund, without liability to the Holder of such Bond for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his/her part on, or with respect to, said Bond, or portion thereof, or premium, if any.

ARTICLE V

DISCHARGE OF LIEN

Section 5.1 Discharge of Lien and Security Interest. Upon payment in full of all of the Bonds, these presents and the Security Interests shall cease, determine and be discharged, and thereupon the Trustee, upon receipt by the Trustee of an opinion of Counsel stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with shall (a) cancel and discharge this Indenture and the Security Interests; (b) execute and deliver to the Issuer and the Company, at the Company's expense, such instruments in writing as shall be required to cancel and discharge this Indenture and the Security Interests and reconvey to the Issuer and the Company the Security, and assign and deliver to the Issuer and the Company so much of the Security as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds and except for moneys held in the Bond Purchase Fund for the purpose of paying the Purchase Price of the Bonds which have been purchased pursuant to **Section 2.6(g)**; and (c) release the Note and return

any Credit Facility to the Credit Issuer; provided, however, that the cancellation and discharge of this Indenture pursuant to **Section 5.2** shall not terminate the powers and rights granted to the Trustee, the Registrar and the Paying Agent with respect to the payment, registration of transfer and exchange of the Bonds; provided, further, that the rights of the Issuer, the Trustee, the Registrar and the Paying Agent to indemnity, non-liability and payment of all reasonable fees and expenses shall survive the cancellation and discharge of this Indenture pursuant to this Section or **Section 5.2**. If the Bonds are rated by a Rating Agency, notice of payment in full of the Bonds shall be furnished to such Rating Agency.

Section 5.2 Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of **Section 5.1** if:

(a) there shall have been irrevocably deposited in the Bond Fund:

(i) if the Bonds do not bear interest at the Fixed Rate, sufficient Eligible Funds, or

(ii) if the Bonds bear interest at the Fixed Rate, either (1) sufficient Eligible Funds, or (2) Government Obligations purchased with Eligible Funds of such maturities and interest payment dates and bearing such interest as will, in the opinion of a nationally recognized firm of certified public accountants, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings also to be held in trust), be sufficient together with any moneys referred to in **subsection (a)(ii)(1)** above,

for the payment at their respective maturities or redemption or tender dates prior to maturity of the principal thereof and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption or tender dates, as the case may be (assuming that the Bonds bear interest at the Ceiling Rate during any period during which the interest rate on the Bonds may change);

(b) there shall have been paid or provision duly made for the payment of all fees and expenses of the Issuer, the Trustee, the Registrar, the Paying Agent and the Remarketing Agent due or to become due; and

(c) if any Bonds are to be redeemed on any date prior to their maturity, the Trustee shall have received in form satisfactory to it irrevocable instructions from a Company Representative to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such redemption notices has been granted to the Trustee.

Limitations set forth elsewhere herein regarding the investment of moneys held by the Trustee in the Bond Fund shall not be construed to prevent the depositing and holding in the *Bond Fund of the obligations described in paragraph (a)(ii)* of this Section for the purpose of defeasing the lien of this Indenture as to Bonds which have not yet become due and payable. Notwithstanding any other provision of this Indenture to the contrary, all Eligible Funds deposited with the Trustee as provided in this Section may be invested and reinvested, at the direction of the Company, in Government Obligations (or, in the case of a deposit under

paragraph (a)(i) of this section, in a money market fund that invests solely in Government Obligations and is rated in the highest category by one of Fitch, Moody's or S&P and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations (or money market fund) in the hands of the Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund. Notwithstanding the foregoing provisions of this paragraph, if the Bonds are rated by S&P at the time a deposit is made under **paragraph (a)(i)** of this section, such Eligible Funds may be invested solely in Government Obligations maturing or to be available to be withdrawn at par no later than the earlier of the maturity date, a mandatory tender date, redemption date or the next possible Optional Tender Date.

Notwithstanding any other provision of this Indenture to the contrary, if a Bond has been deemed to be paid under this section and the Holder or Beneficial Owner of such Bond delivers a tender notice with respect to such Bond that would result in the occurrence of an Optional Tender Date for such Bond prior to its maturity or redemption date: (1) the Remarketing Agent shall not remarket such Bond; (2) the Remarketing Agent shall notify the Trustee and the Paying Agent by the third Business Day prior to such Tender Date for such Bond that it has received a tender notice with respect to such Bond; (3) the Trustee shall transfer to the Paying Agent, not later than 9:30 a.m., Local Time, on such Optional Tender Date for such Bond, Eligible Funds from the deposit made into the Bond Fund under **paragraph (a)(i)** of this section sufficient to pay the Purchase Price of such Bond; (4) the Paying Agent shall purchase such Bond on such Optional Tender Date applicable to such Bond; and (5) such Bond shall be delivered to the Trustee for cancellation and shall be cancelled.

Notwithstanding any other provision of this Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under **paragraph (a)(i)** of this section, and the Bonds are rated by S&P at the time such deposit is made, then (i) if such deposit is made with proceeds of one or more drawings under the Credit Facility, then any excess funds remaining in the Bond Fund after payment of all of the Bonds at their respective maturities or redemption or tender dates shall be returned to the Credit Issuer, or (ii) if such deposit is made with Eligible Funds as described in clause (i) of that definition, then there shall be delivered a written opinion of Counsel experienced in bankruptcy law matters, in form satisfactory to S&P, that the portion of such deposit needed to pay principal of, interest on and Purchase Price of the Bonds when due will not be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of an Act of Bankruptcy.

Notwithstanding any other provision of this Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under **paragraph (a)(i)** of this section, the Interest Rate Determination Method may not thereafter be changed by the Company.

Notwithstanding any other provision of this Indenture to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under **paragraph (a)(i)** or **(a)(ii)** of this section with proceeds of one or more drawings under the Credit Facility, then the surrender

by the Trustee of the Credit Facility to the Credit Issuer for cancellation prior to the maturity or redemption date of the Bonds shall not constitute a Credit Modification Date.

If the Bonds bear interest at the Fixed Rate and are to be rated by a Rating Agency at or prior to the time provision for payment shall be made there shall be delivered to the Rating Agency the opinion of nationally recognized certified public accountants referred to in **paragraph (a)(ii)** above and a written opinion of counsel experienced in bankruptcy law matters and in form satisfactory to the Rating Agency that the deposit and use of such moneys will not constitute an avoidable preferential payment pursuant to Section 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to Section 549 of the Bankruptcy Code, recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy.

Section 5.3 Discharge of this Indenture. Notwithstanding the fact that the lien of this Indenture upon the Security may have been discharged and cancelled in accordance with **Section 5.1**, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Security may have been discharged and cancelled, shall nevertheless continue and subsist after payment in full of the Bonds or the deemed payment in full of the Bonds in accordance with **Section 5.2** until the Trustee shall have returned to the Company or the Credit Issuer, as the case may be, all funds held by the Trustee which the Company or the Credit Issuer, as the case may be, is entitled to receive pursuant to this Indenture after all Bonds have been paid at maturity or redeemed.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES

Section 6.1 Events of Default. Any one of the following shall constitute an Event of Default hereunder:

(a) Failure to pay interest on any Bond when and as the same shall have become due;

(b) Failure to pay the principal of or any premium on any Bond when and as the same shall become due, whether at the stated maturity or redemption date thereof or by acceleration;

(c) Failure to pay the Purchase Price of any Bond required to be purchased hereunder when and as the same shall become due;

(d) Failure to observe or perform any other of the covenants, agreements or conditions on the part of the Issuer included in this Indenture or in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the Issuer, the Credit Issuer, if a Credit Facility is then in effect, and the Company has been given by the Trustee, provided that the Credit Issuer shall have consented to the same constituting an Event of Default;

(e) The occurrence of an Event of Default under the Loan Agreement; or

(f) If a Credit Facility is in effect, the Trustee shall have received a written notice from the Credit Issuer that an event of default under the Credit Agreement has occurred and is continuing and a written request from the Credit Issuer that the Bonds be accelerated.

Section 6.2 Acceleration. Subject to the requirement that the consent of the Credit Issuer, if any, to any acceleration must be obtained in the case of an Event of Default described in **Section 6.1(d)** or **(e)**, upon the occurrence of any Event of Default hereunder the Trustee may and upon (i) the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding or (ii) the occurrence of an Event of Default under **Section 6.1(a), (b), (c)** or **(f)**, the Trustee immediately shall, by notice in writing sent to the Issuer, the Company, the Paying Agent, the Remarketing Agent, and the Credit Issuer, if any, declare the principal of all Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and, upon said declaration, such principal and interest shall become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately exercise such rights as it may have under the Loan Agreement to declare all payments thereunder to be immediately due and payable and, if a Credit Facility is in effect, the Trustee shall immediately draw upon the Credit Facility as provided in **Section 3.8(a)(iii)**. If the Credit Issuer honors the drawing under the Credit Facility upon a declaration of acceleration of the Bonds, interest on the Bonds shall accrue only to the date of such declaration and the Trustee shall pay the principal of and interest on the Bonds to the Holders immediately following the receipt of funds from such drawing. If no Credit Facility is in effect or the Credit Issuer fails to honor the drawing under the Credit Facility upon acceleration of the Bonds, interest on the Bonds shall cease to accrue as provided in **Section 6.7**.

Immediately following any such declaration of acceleration, the Trustee shall cause to be mailed notice of such declaration by first-class mail, postage prepaid, to each Holder of a Bond at his/her last address appearing on the Register. Any defect in or failure to give such notice of such declaration shall not affect the validity of such declaration.

Section 6.3 Other Remedies; Rights of Holders. Upon the happening and continuance of an Event of Default hereunder the Trustee may, only with the prior written consent of the Credit Issuer, if any, in the case of an Event of Default described in **Section 6.1(d)** or **(e)**, with or without taking action under **Section 6.2**, pursue any available remedy to enforce the performance of or compliance with any other obligation or requirement of this Indenture or the Loan Agreement.

Subject to the requirement that the consent of the Credit Issuer, if any, to the exercise by the Trustee of any such available remedy must be obtained in the case of an Event of Default described in **Section 6.1(d)** or **(e)**, upon the happening and continuance of an Event of Default, and if requested to do so by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and if the Trustee is indemnified as provided in **Section 7.1**, the Trustee shall exercise such of the rights and powers conferred by this Section and by **Section 6.2** as the Trustee, being advised by Counsel, shall deem most effective to enforce and protect the interests of the Holders and, except to the extent inconsistent with the interests of the Holders, the Credit Issuer, if any.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Holders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Holders hereunder or now or hereafter existing.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

The Trustee, as the assignee of substantially all right, title and interest of the Issuer in and to the Loan Agreement, shall be empowered to enforce each and every right granted to the Issuer under the Loan Agreement other than Reserved Rights.

Section 6.4 Right of Holders and Credit Issuer to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, and subject, if a Credit Facility is then in effect, to the rights of the Credit Issuer as provided in **Section 6.2 and 6.3**, the *Holder of a majority in aggregate principal amount of Bonds then Outstanding* shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, and provided that the Trustee shall be indemnified to its satisfaction and the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. No Holder shall individually have the right to present a draft to, or otherwise make a demand on, the Credit Issuer to collect amounts available under the Credit Facility.

No Holder shall have the right to institute any proceeding for the enforcement of this Indenture unless such Holder has given the Trustee and the Company written notice of an Event of Default, the *Holder of a majority in aggregate principal amount of the Bonds then Outstanding* shall have requested the Trustee in writing to institute such proceeding, the Trustee shall have been afforded a reasonable opportunity to exercise its powers or to institute such proceeding, there shall have been offered to the Trustee indemnity satisfactory to it against the cost, expense and liability to be incurred in connection with such request and the Trustee shall have thereafter failed or refused to exercise such powers or to institute such proceeding within sixty (60) days after receipt of notice with no inconsistent direction given during such sixty (60) days by the *Holder of a majority in aggregate principal amount of the Bonds then Outstanding*. Nothing in this Indenture shall affect or impair any right of enforcement conferred on any Holder by the Act to enforce (i) the payment of the principal of and *premium, if any*, and interest on Bonds at and after the maturity thereof, or (ii) the obligation of the Issuer to pay the principal of, *premium, if any*, and interest on Bonds to such Holder at the time, place, from the sources and in the manner as provided in this Indenture.

Section 6.5 Discontinuance of Default Proceedings. Prior to the drawing on a Credit Facility, if any, pursuant to **Section 3.8(a)(iii)**, in case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Credit Issuer, if any, and the Trustee shall be restored to their former positions and rights hereunder and all rights, remedies and powers of the Issuer, the Trustee and the Credit Issuer shall continue as if no such proceedings had been taken subject to the limits of any adverse determination.

Section 6.6 Waiver. The Trustee, with the consent of the Credit Issuer, if any, may waive any default or Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal, and shall do so upon the written request of the Credit Issuer, if any; provided, however, that there shall be no such waiver or rescission unless the Purchase Price and all principal, premium, if any, and interest on the Bonds in arrears, together with interest thereon (to the extent permitted by law) at the applicable rate of interest borne by the Bonds and all fees and expenses of the Trustee and the Issuer shall have been paid or provided for. The Trustee may not waive any default or Event of Default until the Trustee has received notice in writing from the Credit Issuer that the amount available to be drawn under any Credit Facility then in effect in respect of the principal and Purchase Price of and interest on the Bonds has been reinstated in full.

Section 6.7 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund and, after payment (out of moneys derived from a source other than the Credit Facility, moneys held for the purchase of Untendered Bonds, moneys held for the redemption of Bonds and proceeds from the remarketing of Bonds) of (i) the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, including reasonable attorneys' fees, and all other outstanding fees and expenses of the Trustee, and thereafter any fees, expenses, liabilities and advances due to, or incurred or made by, the Paying Agent and the Registrar and (ii) any sums due to the Issuer under the Loan Agreement (other than Repayments), such moneys shall be applied in the order set forth below:

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

First: To the payment of all installments of interest then due on the Bonds in order of priority first to installments past due for the greatest period and, if the amount available shall not be sufficient to pay in full any particular installment, then to the ratable payment of the amounts due on such installment; and

Second: To the payment of the unpaid principal of and premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), with interest on such Bonds from the respective dates upon which they became due (at the rate borne by the Bonds, to the extent permitted by law) and, if the amount available shall not

be sufficient to pay in full Bonds due on any particular date, together with such premium, then to the ratable payment of the amounts due on such date.

(b) If the principal of all the Bonds shall have become or been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority as between principal, premium, interest, installments of interest or Bonds, ratably according to the amounts due respectively for principal, premium and interest to the persons entitled thereto.

(c) If the principal on all Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded under this Article then, subject to **subsection (b)** of this Section in the event that the principal of all the Bonds shall again become or be declared due and payable, the moneys shall be applied in accordance with **subsection (a)** of this Section.

Notwithstanding the foregoing, unless the Credit Facility permits drawings to pay premium with respect to Bonds, the Trustee shall be obligated to apply moneys received under a Credit Facility then in effect only to principal and Purchase Price of, and interest on the Bonds (except Bonds that are not entitled to any benefit of the Credit Facility as provided in **Section 3.8**). Whenever moneys (other than moneys received under a Credit Facility) are to be applied pursuant to this Section, the Trustee shall fix the date which shall be not more than seven calendar days after such acceleration upon which such application is to be made and upon such date interest on the principal amount of Bonds to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date. As provided in **Section 6.2**, moneys received under a Credit Facility upon declaration of acceleration are to be applied as soon as is practicable following receipt to pay the principal of and interest on the Bonds to the Holders.

Section 6.8 Rights of a Credit Issuer. All rights of any Credit Issuer under this Indenture to consent to certain extensions, remedies, waivers, actions and amendments hereunder shall be suspended (i) for so long as the Credit Issuer wrongfully dishonors any draft (or other appropriate form of demand) presented in strict conformity with the requirements of the Credit Facility and has not honored a subsequent draft (or other appropriate form of demand), if any, thereunder or (ii) if no Credit Facility is in effect or any Credit Facility terminates in accordance with its terms.

ARTICLE VII

THE TRUSTEE; THE PAYING AGENT; THE REGISTRAR; THE REMARKETING AGENT

Section 7.1 Appointment of Trustee. The Trustee is hereby appointed and does hereby agree to act in such capacity, and to perform the duties of the Trustee under this Indenture, but only upon and subject to the following express terms and conditions (and no implied covenants or other obligations shall be read into this Indenture against the Trustee):

(a) The Trustee may execute any of its trusts or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be held liable for their actions if such agents are selected with reasonable care. The Trustee shall be entitled to advice of Counsel concerning all matters hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees. The Trustee may act upon the opinion or advice of Counsel, accountants, engineers or surveyors selected by it in the exercise of reasonable care or, if the same are selected by the Issuer, approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein or in the Bonds, or for the recording, re-recording, filing or re-filing of this Indenture, of any financing statements or continuation statements, or for insuring the Security or the Project Facilities or collecting any insurance moneys, or for the validity of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Project Facilities or otherwise as to the maintenance of the Security. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Loan Agreement. The Trustee shall not be liable to the Company, any Holder, any Beneficial Owner or any other Person for any loss suffered in connection with any investment of funds made by it in accordance with **Section 4.7**. The Trustee shall not be liable to the Company for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by a Company Representative. The Trustee shall have no duty or responsibility to examine or review and shall have no liability for the contents of any documents submitted to or delivered to any Holder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the Company of the proceeds of the Bonds advanced to the Company as provided in the Loan Agreement or for the use or application of any moneys received by the Paying Agent. The Trustee may become the owner of Bonds secured hereby with the same rights as any other Holder.

(d) The Trustee shall be protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee may conclusively rely upon a certificate furnished by a Credit Issuer as to amounts owing under the Credit Agreement.

(e) The permissive right of the Trustee to do things enumerated in this Indenture or the Loan Agreement shall not be construed as duties. The Trustee shall only be responsible

for the performance of the duties expressly set forth herein and shall not be answerable for other than its gross negligence or bad faith in the performance of those express duties.

(f) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

(g) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trust and powers or otherwise in respect of this Indenture.

(h) Before taking any action requested hereunder by the Holders (except for acceleration of the Bonds as required by **Section 6.2**, for drawing on the Credit Facility as required by **Section 3.8(a)** and with respect to the payment of principal, interest and Purchase Price to Holders), the Trustee may require satisfactory security or indemnity bond for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its own gross negligence or bad faith by reason of any action so taken.

(i) All moneys received by the Trustee or the Paying Agent, until used or applied or invested as herein provided, shall be held as special trust funds for the purposes specified in this Indenture and for the benefit and security of the Holders of the Bonds and the Credit Issuer as herein provided. Such moneys need not be segregated from other funds except to the extent required by law or herein provided, and neither the Trustee nor the Paying Agent shall otherwise be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Company or the Issuer under the Loan Agreement or this Indenture, and shall not be deemed to have, or be required to take, notice of default under this Indenture (other than under **Section 6.1(a)**, **(b)** or **(c)** if notice thereof has been received from the Paying Agent or under **Section 6.1(f)**) or the occurrence of a Determination of Taxability, except (i) if no Credit Facility is in effect, in the event the Company fails to pay any Repayment when due, (ii) in the event of an insufficient amount in the Bond Fund (or any account therein) to make a principal or interest payment on the Bonds, (iii) written notification of a Determination of Taxability by the Holder of any Bonds, (iv) written notification of such default by two or more Holders with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, (v) written notification from the Credit Issuer pursuant to **Section 6.1**, or (vi) receipt of an opinion of Bond Counsel concluding that a Determination of Taxability has occurred, and in the absence of such notice the Trustee may conclusively presume there is no Determination of Taxability and no default except as aforesaid. The Trustee may nevertheless require the Issuer and the Company to furnish information regarding performance of their obligations under the Loan Agreement and this Indenture, but is not obligated to do so.

(k) The Trustee shall, prior to any Event of Default and after the curing of all Events of Default which may have occurred, perform such duties and only such duties of the Trustee as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in

it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his/her own affairs. The foregoing shall not limit the Trustee's obligations under **Section 3.8(a)** or **Section 6.2**.

(l) The Paying Agent and the Registrar shall each be entitled to the same rights and immunities with respect to their respective duties under this Indenture as the Trustee is under this **Section 7.1** with respect to its duties hereunder.

(m) In addition to the Trustee's other duties hereunder, the Trustee shall authenticate and cancel Bonds as provided herein, keep such books and records relating to such duties as shall be consistent with prudent industry practice and make such books and records available for inspection by the Issuer and the Company at all reasonable times. All Bonds shall be made available for authentication, exchange and registration of transfer at the principal office of the Trustee.

(n) The Trustee shall have no duty to inspect or oversee the construction or completion of the Project or to verify the truthfulness or accuracy of the certifications made by the Company with respect to the Trustee's disbursements for Costs of the Project in accordance with the Loan Agreement and this Indenture.

(o) Without limiting the duties of the Trustee expressly set forth herein, the Trustee shall have no obligation or responsibility whatsoever in connection with (i) any federal or state tax-exempt status of the Bonds or the interest thereon; (ii) the consequences of the investment or non-investment of any funds or accounts relating to the Bonds or the Credit Facility under Section 148 of the Code, or (iii) the calculation of any amount required to be rebated to the United States under Section 148 of the Code.

(p) No provision of this Indenture, the Loan Agreement or the Bonds shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(q) Whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee may, in the absence of bad faith on its part, rely upon a written certificate of a Company Representative or an Issuer Representative.

(r) Except as provided in **Section 7.9**, in the event that the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, then the Trustee, in its sole discretion, may determine what action or actions, if any, shall be taken or not taken.

(s) The Trustee's immunities and protections from liability and its rights to indemnification in connection with the performance of its duties under this Indenture shall likewise extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's rights to

compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and the final payment of the Bonds.

(t) The Trustee, in its commercial banking or in any other capacity, may in good faith buy, sell, own, hold or deal in any of the Bonds and may join in any action that any Holder may be entitled to take with like effect as if it were not the Trustee. The Trustee, in its commercial banking or in any other capacity, may also engage in or be interested in any financial or other transaction with the Company and may act as depository, trustee or agent for any committee of Holders secured hereby or other obligations of the Company, as freely as if it were not the Trustee hereunder. The provisions of this paragraph shall extend to the affiliates of the Trustee.

(u) Neither **Section 2.4(g)** nor any other provision of this Indenture shall require the Trustee to enter into any continuing disclosure agreement or other undertaking or to take any other action as may be required to cause compliance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

(v) The Trustee shall have no responsibility or obligation to Participants, to Indirect Participants, or to the Persons for whom they act as nominees with respect to the Bonds, or to any Beneficial Owner of Bonds in respect of the accuracy of any records maintained by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant, the payment by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any amount in respect of the principal or Purchase Price of or interest on the Bonds, any notice which is permitted or required to be given under this Indenture, the selection by the Securities Depository, the Securities Depository Nominee or any Participant or Indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by the Securities Depository or the Securities Depository Nominee as Holder.

(w) Whether or not expressly so provided, each and every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of this **Section 7.1**.

Section 7.2 Compensation and Indemnification of Trustee, Paying Agent and Registrar; Trustee's Prior Claim. The Loan Agreement provides that the Company will pay the reasonable fees and expenses of the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Registrar under this Indenture and all other amounts which may be payable to the Trustee, Paying Agent or Registrar under this Section, and the reasonable fees and expenses of the Remarketing Agent and all other amounts which may be payable to the Remarketing Agent under the Remarketing Agreement, such fees and expenses to be paid when due and payable by the Company directly to the Trustee, Paying Agent, Registrar and Remarketing Agent, respectively, for their own account.

The Company shall (a) pay the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), (b) pay the Paying Agent and the Registrar and any other agent of the Issuer or the Company acting hereunder or under the Loan

Agreement (the Paying Agent and the Registrar and any other agent of the Issuer being herein referred to as a "Company Agent") reasonable compensation, (c) pay or reimburse each of the Trustee and any Company Agent upon request for all reasonable expenses, disbursements and advances incurred or made, in accordance with any of the provisions of this Indenture and the Loan Agreement (including the reasonable compensation and the reasonable expenses and disbursements of its Counsel and of all agents and other persons not regularly in its employ), except to the extent that any such expense, disbursement or advance is due to its own gross negligence or bad faith, and (d) indemnify each of the Trustee and any Company Agent for, and to hold it harmless against, any loss, liability or expense incurred by it, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder or the performance of its duties hereunder or under the Loan Agreement, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to its own gross negligence or bad faith. The obligations of the Company under the Loan Agreement referred to in this Section shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Bonds upon all property and funds held or collected by the Trustee as such, except funds held with respect to Untendered Bonds and unredeemed Bonds for which notice of redemption has been given, and except for any arbitrage rebate fund or account established pursuant hereto or pursuant to any arbitrage regulatory agreement. Notwithstanding the foregoing, neither the Trustee nor any Company Agent shall have any claim upon or shall be paid, prior to any Holder, from any Credit Facility or proceeds from the remarketing of Bonds, or the proceeds thereof, with respect to any such compensation, payment, reimbursement or indemnity. "Trustee," "Company Agent," "Paying Agent" and "Registrar" for purposes of this Section shall include any predecessor Trustee, Company Agent, Paying Agent and Registrar but the gross negligence or bad faith of any Trustee, Company Agent, Paying Agent or Registrar shall not affect the indemnification of any other Person. The obligations of the Company under this Section shall survive the termination of this Indenture.

Section 7.3 Intervention in Litigation. In any judicial proceedings to which the Issuer is a party, the Trustee may intervene on behalf of Holders, and shall intervene if requested in writing by the Holders of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 7.4 Resignation; Successor Trustees. The Trustee and any successor Trustee may resign only upon giving sixty (60) days prior written notice to the Issuer, the Credit Issuer, if any, the Company and each Holder of Bonds then Outstanding as shown on the Register. Such resignation shall take effect only upon the appointment of a successor Trustee by the Issuer with the written consent of the Company and the Credit Issuer, if any, and the acceptance of such appointment by the successor Trustee. If no successor is appointed within sixty (60) days after the notice of resignation, the resigning party may appoint a successor or petition any court of competent jurisdiction to appoint a successor. Upon appointment of a successor Trustee, the resigning Trustee shall assign all of its right, title and interest in this Indenture and the Security (including any Credit Facility then in effect) to the successor Trustee. The successor Trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States, or the District of Columbia, having a combined

capital stock, surplus and undivided profits aggregating at least \$50,000,000. Any successor Trustee shall accept in writing its duties and responsibilities hereunder and such writing shall be filed with the Issuer, the Credit Issuer, if any, and the Company.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or any material part of the corporate trust business of the Trustee that includes this Indenture, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any Person, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible to serve as Trustee under the provisions of this Indenture. If the Trustee is not the successor corporation in any such merger or consolidation, the Trustee shall give notice of such event to the Company and shall take such action as may be required to effect a transfer of the trust included in this Indenture to such successor corporation.

Section 7.5 Removal of Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, the Credit Issuer, if any, the Issuer and the Company and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding. During such time that no Event of Default has occurred and is continuing under this Indenture, the Trustee may also be removed by an instrument in writing delivered to the Trustee, the Credit Issuer, if any, and the Issuer and signed by a Company Representative. Such removal shall take effect only upon the appointment of a successor Trustee by the Issuer with the written consent of the Company and the Credit Issuer, if any, and the acceptance of such appointment by the successor Trustee. Upon such removal, the Trustee shall assign to the successor Trustee all of its right, title and interest in this Indenture and the Security (including any Credit Facility then in effect) in the same manner as provided in **Section 7.4**. If the Bonds are rated by a Rating Agency, notice concerning any change in the Trustee shall be furnished to such Rating Agency.

Section 7.6 Paying Agent. Manufacturers and Traders Trust Company is hereby appointed by the Issuer as the initial Paying Agent. The Issuer, at the direction of the Company and with the approval of the Remarketing Agent and the Credit Issuer, if any, shall appoint any successor Paying Agent for the Bonds, subject to the conditions set forth in **Section 7.7**. The Paying Agent shall designate to the Issuer and the Trustee its principal office for all purposes hereof and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which the Paying Agent shall agree, particularly:

(i) to hold all sums held by it for the payment of the principal and Purchase Price of, premium, if any, or interest on the Bonds in trust for the benefit of the Holders of the Bonds until such sums shall be paid to such Holders of the Bonds or otherwise disposed of as herein provided;

(ii) to perform its obligations under this Indenture; and

(iii) to keep such books and records relating to its duties as Paying Agent as shall be consistent with prudent industry practice and to make such books and records

available for inspection by the Issuer, the Trustee and the Company at all reasonable times.

The Issuer shall cooperate with the Trustee, the Paying Agent and the Company to cause the necessary arrangements to be made and to be thereafter continued whereby:

(a) funds derived from the sources specified in this Indenture will be made available at the principal office of the Paying Agent for the timely payment of principal and Purchase Price of, premium, if any, and interest on the Bonds; and

(b) the Paying Agent shall be furnished such records and other information, at such times, as shall be required to enable the Paying Agent to perform the duties and obligations imposed upon it hereunder.

In carrying out its responsibilities hereunder the Paying Agent will act for the benefit of the Holders. Notwithstanding anything to the contrary in this Indenture, the Paying Agent shall not invest any moneys it receives from a draw on the Credit Facility, if any.

No purchase of Bonds by the Paying Agent shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Paying Agent the owner of such Bonds for any purpose whatsoever. No delivery of Bonds to the Trustee shall constitute a redemption of Bonds or any extinguishment of the debt represented thereby or constitute the Trustee the owner of such Bonds for any purpose whatsoever unless the Trustee has purchased such Bonds for its own account.

Section 7.7 Qualifications of Paying Agent. The Paying Agent shall be a bank or trust company with trust powers duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$15,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The principal office of the Paying Agent for all purposes hereof shall be the office of the Paying Agent at which all deliveries to it hereunder shall be made and any and all notices and other communications in connection herewith shall be delivered. The Paying Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least sixty (60) days' notice to the Issuer, the Company and the Trustee. The Paying Agent may be removed at any time, at the direction of the Company, by an instrument, signed by the Issuer, filed with such Paying Agent and with the Trustee.

Section 7.8 Resignation of Paying Agent; Removal; Successors.

(a) In the event of the resignation or removal of the Paying Agent, the Paying Agent shall deliver any moneys and any related books and records held by it in such capacity to its successor or, if there be no successor, to the Trustee.

(b) In the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed a successor Paying Agent (any appointment by

the Issuer shall be with the prior written consent of the Company), the Trustee shall ipso facto be deemed to be the Paying Agent for all purposes of this Indenture until the appointment by the Issuer of a successor Paying Agent.

Section 7.9 Instruments of Holders. Any instrument required by this Indenture to be executed by Holders may be in any number of writings of similar tenor and may be executed by Holders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds given in any of the following forms shall be sufficient for any of the purposes of this Indenture:

(i) A certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him/her the execution thereof;

(ii) A certificate executed by any trust company or bank stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank, as the property of such party, the Bonds therein mentioned.

The Trustee may rely on such an instrument of Holders unless and until the Trustee receives notice in the form specified in (i) or (ii) above that the original such instrument is no longer reliable. In the event that the Trustee shall receive conflicting directions from two or more groups of Holders, each with combined holdings of not less than twenty-five percent (25%) of the principal amount of Outstanding Bonds, the directions given by the group of Holders which holds the largest percentage of Bonds shall be controlling and the Trustee shall follow such directions to the extent required herein.

Section 7.10 Power to Appoint Co-Trustees. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Project Facilities may at the time be located, the Issuer and the Trustee shall have power to appoint and, upon the request of the Trustee or of the Holders of a majority of the aggregate principal amount of the Bonds then Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more persons approved by the Trustee and the Company either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Project Facilities, or to act as separate trustee or separate co-trustees of all or any part of the Project Facilities, and to vest in such person or persons, in such capacity, such title to the Project Facilities or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Any co-trustee or separate trustee shall be a bank or trust company with trust powers organized under the laws of the United States of America or any state of the United States or the District of Columbia, having a combined capital stock, surplus and undivided profits aggregating at least \$50,000,000.

The Trustee and co-trustee, if any, may by written instrument between them designate and assign either the Trustee or the co-trustee or both of them to perform all or any part of the responsibilities and duties of the Trustee under this Indenture.

If the Issuer shall not have joined in such appointment within thirty (30) days after the receipt by it of a written request to do so, or in case an Event of Default shall have occurred and be continuing, the Trustee and the Company shall have the power to make such appointment.

The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee appointed pursuant to this Section, to the extent permitted by law or any applicable contract, shall be subject to the following terms, namely:

(a) This Indenture shall become effective at the time the Bonds shall be authenticated and delivered, and thereupon such co-trustee or separate trustee shall have all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property.

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

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

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

(e) The Trustee at any time, by an instrument in writing, with the concurrence of the Company and the Issuer evidenced by a resolution, may accept the resignation of any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer and the Company. Upon the request of the Trustee, the Issuer and the Company shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(f) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

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

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with the security interest in the Security and with such rights, powers, duties, trusts or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as applicable law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the security interest in the Security and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the same manner as provided for with respect to the appointment of a successor Trustee pursuant to **Section 7.4** hereof.

Section 7.11 Filing of Financing Statements. The Company shall file or record or cause to be filed or recorded all Financing Statements that are required in order fully to protect and preserve the security interests and the priority thereof and the rights and powers of the Trustee in connection therewith, including without limitation all continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the U.C.C., and (ii) any previously filed continuation statements that shall have been filed as required herein. The Issuer and the Trustee shall sign, if necessary, and the Trustee shall cooperate with the Company or its designee, in order to effectuate the filing of all such Financing Statements as may be required for the purposes specified in the preceding sentence. Upon the filing of any such Financing Statement the Company shall immediately notify the Issuer and the Trustee that the same has been accomplished.

Section 7.12 Remarketing Agent. At the request of the Company, Wachovia Bank, National Association is hereby appointed as the initial Remarketing Agent. The Issuer, at the direction of the Company, and with the consent of the Credit Issuer, which consent shall not be unreasonably withheld, shall appoint any successor Remarketing Agent for the Bonds (except for assignees permitted under the following sentence), subject to the conditions set forth in **Section 7.13**. To the extent permitted by any Remarketing Agreement then in effect, the Remarketing Agent may at any time transfer all of its duties and obligations as Remarketing Agent hereunder to an affiliate of such Remarketing Agent that satisfies the conditions set forth in **Section 7.13** and, upon such transfer, such affiliate shall automatically become the Remarketing Agent hereunder without any further action.

Any Remarketing Agent shall designate to the Issuer and the Trustee its principal office for purposes hereof, which shall be the office of such Remarketing Agent at which all notices and other communications in connection herewith may be delivered to it, and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Company, the Trustee and the Credit Issuer under which

such Remarketing Agent shall agree particularly (i) to hold all Bonds delivered to it hereunder in trust for the benefit of the respective Holders of Bonds that delivered such Bonds until moneys representing the Purchase Price of such Bonds are delivered to or for the account of or to the order of such Holders of Bonds; (ii) to hold all moneys delivered to it hereunder for the purchase of Bonds in trust for the benefit of the person or entity that has delivered such moneys until the Bonds purchased with such moneys are delivered to or for the account of such person or entity; and (iii) to keep books and records with respect to its activities hereunder available for inspection by the Issuer, the Trustee, the Company and the Credit Issuer, if any, at all reasonable times.

Section 7.13 Qualifications of Remarketing Agent; Resignation; Removal. The Remarketing Agent shall be a financial institution or registered broker/dealer authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of its duties and obligations created by this Indenture by giving at least thirty (30) days' notice to the Issuer, the Company, the Paying Agent, the Trustee and the Credit Issuer, if any; provided, however, that if no successor Remarketing Agent has been appointed in accordance with **Section 7.12** and this Section on or prior to the effective date of such resignation, (i) the resigning Remarketing Agent shall give written notice to Holders on the effective date of such resignation that all optional tender notices under **Section 2.6(a)** should be delivered to the Trustee until a successor Remarketing Agent has been appointed and (ii) until a successor Remarketing Agent has been appointed, the Trustee shall have no duty to remarket the Bonds, but shall provide the funds described in clauses (ii), (iii) and (iv) of **Section 2.6(g)** to the Paying Agent in that order on each Optional Tender Date specified in such notices to pay the Purchase Price of all Bonds tendered. The Remarketing Agent may be removed at any time, upon not less than thirty (30) days' notice, at the direction of the Company, by an instrument signed by the Issuer and the Company and filed with the Remarketing Agent, the Trustee, the Paying Agent and the Credit Issuer, if any; provided that no such removal shall be effective until a successor Remarketing Agent has been appointed in accordance with **Section 7.12** and this Section and such successor Remarketing Agent has accepted such appointment.

Section 7.14 Several Capacities. Anything in this Indenture to the contrary notwithstanding, the same entity may serve hereunder as the Trustee, the Credit Issuer, the Paying Agent, the Registrar and the Remarketing Agent and in any other combination of such capacities, to the extent permitted by law.

Section 7.15 Trustee Not Responsible for Duties of Remarketing Agent, Registrar and Paying Agent. Notwithstanding anything to the contrary in this Indenture, the Trustee shall not be liable or responsible for any of the duties or obligations of the Remarketing Agent, the Registrar or the Paying Agent under this Indenture (or be liable or responsible for the acts or omissions of the Paying Agent, the Registrar or the Remarketing Agent or any action taken by the Trustee or failure to act in reasonable reliance upon any action or failure to act by the Paying Agent, the Registrar or the Remarketing Agent) except for the duties imposed upon, or the acts and omissions of, (i) the Trustee while deemed to be the Paying Agent pursuant to **Section 7.8(b)** because a successor Paying Agent has not been appointed by the Issuer and (ii) the Trustee as recipient of optional tender notices after the written notice provided for in **Section 7.13** has been given by the resigning Remarketing Agent to Holders to the effect that no successor Remarketing Agent has been appointed. The Trustee shall not be bound to ascertain or inquire as to the truth

or accuracy of any information provided to it by the Paying Agent, the Registrar or the Remarketing Agent but may for any purpose conclusively rely upon any information given to the Trustee by the Paying Agent, the Registrar or the Remarketing Agent.

Section 7.16 Cooperation of the Issuer. The Issuer shall cooperate with the Trustee, the Paying Agent, the Registrar, the Remarketing Agent and the Company, if requested to do so by the Trustee or the Company and to the extent it may lawfully do so, to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified in **Section 4.4** will be made available to pay the Purchase Price of Bonds presented to the Trustee.

Section 7.17 Cooperation of the Trustee, the Remarketing Agent, the Registrar and the Paying Agent. The Trustee, the Remarketing Agent, the Registrar and the Paying Agent shall cooperate in all respects and shall provide to the other in a timely fashion the information and knowledge each possesses so that the Trustee and each of such parties may faithfully exercise their respective obligations hereunder.

ARTICLE VIII

AMENDMENTS, SUPPLEMENTAL INDENTURES

Section 8.1 Supplemental Indentures. The Issuer and the Trustee, with the consent of the Credit Issuer, if any, but without the consent of or notice to any Holders (except in the case of supplemental indentures described in (j) below, in which case prior notice shall be given to Holders by the Trustee), may enter into an indenture or indentures supplemental to this Indenture that do not materially adversely affect the interest of the Holders for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Holders and such Credit Issuer, if any, any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(b) to grant or pledge to the Trustee for the benefit of Holders and such Credit Issuer, if any, any additional security other than that granted or pledged under this Indenture; provided that no additional security shall be granted or pledged to the Trustee for the benefit of such Credit Issuer unless such Credit Issuer agrees that the Trustee shall hold such security in trust for the equal or ratable benefit of such Credit Issuer, on the one hand, and the Holders, on the other hand;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute then in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States;

(d) to appoint a successor Trustee, separate trustees or co-trustees in the manner provided in **Article VII** hereof;

(e) to modify, amend or supplement this Indenture for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency;

(f) to modify, amend or supplement this Indenture to permit a transfer of Bonds from one Securities Depository to another or the discontinuance of the Book-Entry System and *issuance of replacement Bonds to the Beneficial Owners*;

(g) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture that may be defective or inconsistent with any provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interest of the Holders or such Credit Issuer, if any;

(h) to modify, amend or supplement this Indenture to permit the Paying Agent or the Registrar to assume any administrative duties of the Trustee hereunder (except any duties of the Trustee with respect to the acceptance, modification, reduction or release of or drawing on, any Credit Facility) or for the Trustee to assume any administrative duties of the Paying Agent or the Registrar hereunder;

(i) to make any change herein necessary, in the opinion of Bond Counsel, to maintain the exclusion of the interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes; and

(j) to make any change to the administrative provisions hereof, to accommodate the provisions of an Alternate Credit Facility, bond insurance or a liquidity facility.

When requested by the Issuer, and if all conditions precedent under this Indenture have been met, the Trustee shall join the Issuer in the execution of any such supplemental indenture unless it imposes additional obligations on the Trustee or adversely affects the Trustee's rights and immunities under this Indenture or otherwise. A copy of all such supplemental indentures shall be promptly furnished to the Credit Issuer and the Paying Agent, and the Registrar shall be promptly advised of any modifications of its rights, duties and obligations hereunder.

The Trustee shall file copies of all such supplemental indentures with the Company and, if the Bonds are rated by a Rating Agency, shall forward copies of all such supplemental indentures to such Rating Agency.

Section 8.2 Amendments to Indenture; Consent of Holders, the Credit Issuer and the Company. Exclusive of supplemental indentures covered by **Section 8.1** and subject to the terms and provisions contained in this Section, and not otherwise, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding and affected by such indenture or indentures supplemental hereto, with the consent of the Credit Issuer, if any, shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and direct the execution by the Trustee of such other indenture or indentures supplemental hereto as shall be consented to by the Issuer in its sole discretion for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that

nothing contained in this Section shall permit, or be construed as permitting, without the consent of the Holders of all Outstanding Bonds, (a) an extension of the maturity of the principal of, or the mandatory redemption date of, or interest on, any Bond, (b) a reduction in the principal amount of, or the premium or the rate of interest on, any Bond, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, (d) the creation of a lien on the Security prior to the lien of this Indenture, or (e) a reduction in the aggregate principal amount of the Bonds required for any consent to any supplemental indenture; provided further, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any supplemental indenture that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee. The giving of notice to and consent of the Holders to any such proposed supplemental indenture shall be obtained pursuant to **Section 8.6**.

Anything herein to the contrary notwithstanding, a supplemental indenture, amendment or other document described under this Article that affects any rights or obligations of the Company shall not become effective unless and until the Company shall have consented to the execution of such supplemental indenture, amendment or other document.

The Trustee shall file copies of all such supplemental indentures with the Company and, if the Bonds are rated by a Rating Agency, shall furnish copies of all such supplemental indentures to such Rating Agency.

Section 8.3 Amendments to the Loan Agreement or the Note Not Requiring Consent of Holders. The Issuer shall not cause or permit to exist any amendment, modification, supplement, waiver or consent with respect to the Loan Agreement or the Note without the prior written consent of the Trustee. The Issuer may, with the consent of the Credit Issuer, if any, but without the consent of or notice to any of the Holders, enter into or permit (and the Trustee shall consent to) any amendment of the Loan Agreement or the Note acceptable to the Company as may be required (i) for the purpose of curing any ambiguity or formal defect or omission that shall not adversely affect the interest of the Holders, (ii) to grant or pledge to the Issuer or Trustee, for the benefit of the Holders or the Credit Issuer, if any, any additional security, (iii) to modify, amend or supplement the Loan Agreement or the Note for the purpose of obtaining or retaining a rating on the Bonds from a Rating Agency, (iv) to make any change therein necessary, in the opinion of Bond Counsel, to maintain the exclusion of interest on any Outstanding Bonds from gross income of the Holders thereof for federal income tax purposes or (v) in connection with any other change therein which, in the judgment of the Trustee acting in reliance upon an opinion of Counsel, is not materially prejudicial to the interests of the Trustee and the Holders of the Bonds; provided, however, that without the written consent of the Trustee, the Trustee shall not be required to join in the execution of any such amendment that affects the rights, duties, obligations or immunities of the Trustee or that imposes additional obligations on the Trustee.

The Issuer and the Company shall file copies of any such amendments to the Loan Agreement or the Note with the Trustee and, if the Bonds are rated by a Rating Agency, the Trustee shall furnish copies of such amendments to such Rating Agency.

Section 8.4 Amendments to the Loan Agreement or the Note Requiring Consent of Holders and the Credit Issuer. Except as provided in Section 8.3 hereof, the Issuer shall not enter into, and the Trustee shall not consent to, any other modification or amendment of the Loan Agreement or the Note, nor shall any such modification or amendment become effective, without the consent of the Credit Issuer, if any, and the consent of the Holders of a majority in aggregate principal amount of the Bonds at the time Outstanding, such consent to be obtained in accordance with Section 8.6. No such amendment may, without the consent of the Holders of all the Outstanding Bonds, reduce the amounts or delay the times of payment of Repayments under the Loan Agreement or the Note.

The Issuer and the Company shall file copies of all such amendments to the Loan Agreement or the Note with the Trustee and, if the Bonds are rated by a Rating Agency, the Trustee shall furnish copies of such amendments to such Rating Agency.

Section 8.5 Amendments, Changes and Modifications to the Credit Facility. Except as otherwise provided in the Loan Agreement or in this Indenture, subsequent to the initial issuance of the Bonds and prior to payment of the Bonds in full (or provision for the payment thereof having been made in accordance with the provisions of this Indenture), no Credit Facility may be effectively amended, changed or modified without the prior written consent of the Trustee and the Paying Agent. The Trustee may, without the consent of the Holders of the Bonds, consent to any amendment of the Credit Facility as may be required to extend the term thereof or for purposes of curing any ambiguity, formal defect or omission or obtaining or retaining a rating on the Bonds from a Rating Agency that, in the Trustee's and the Paying Agent's judgment, does not prejudice in any material respect the interests of the Holders. Except for such amendments, and as otherwise provided herein, the Credit Facility may be amended only with the consent of the Issuer, the Trustee and the Holders of a majority in aggregate principal amount of Outstanding Bonds, except that no such amendment may be made that would reduce the amounts required to be paid thereunder, change the time for payment of such amounts or accelerate the expiration date of the Credit Facility without the written consent of the Holders of all Outstanding Bonds. The foregoing shall not limit the Trustee's obligation to send notice to the Credit Issuer to reduce amounts available to be drawn under a currently effective Credit Facility under the circumstances set forth therein.

The Trustee shall file copies of all such amendments, changes or modifications with the Rating Agency, if any, rating the Bonds.

Section 8.6 Notice to and Consent of Holders. If consent of the Holders is required under the terms of this Indenture for the amendment of this Indenture, the Loan Agreement, the Note or the Credit Facility or for any other similar purpose, the Trustee shall cause notice of the proposed execution of the amendment or supplemental indenture to be given by first-class mail, postage prepaid, to the Holders of the Outstanding Bonds then shown on the Register. Such notice shall briefly set forth the nature of the proposed amendment, supplemental indenture or other action and shall state that copies of any such amendment, supplemental indenture or other document are on file at the principal office of the Trustee for inspection by all Holders. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Holders of a majority or all, as the case may be, of the principal amount of the Bonds Outstanding by instruments filed with the Trustee shall have consented to

the amendment, supplemental indenture or other proposed action, then the Trustee may execute such amendment, supplemental indenture or other document or take such proposed action and the consent of the Holders shall thereby be conclusively presumed. Notwithstanding the foregoing provisions of this Section, the Remarketing Agent shall be deemed to be the Holder of the Outstanding Bonds on any Mandatory Purchase Date for the purpose of giving any consent required under the terms of this Indenture for the amendment of this Indenture, the Loan Agreement or the Credit Facility, if notice of such amendment has been given to the Persons to whom the Bonds are proposed to be remarketed.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Right of Trustee to Pay Taxes and Other Charges. If the Project Facilities is part of the Security and any tax, assessment or governmental or other charge upon any part of the Project Facilities is not paid as required, the Trustee may, subject to any indemnity required pursuant to **Section 7.1(h)** of this Indenture, pay such tax, assessment or governmental or other charge, without prejudice, however, to any rights of the Trustee hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment until paid at the greater of the rate of interest borne by the Bonds or the per annum rate of interest announced from time to time by the bank serving as Trustee as its "prime rate" shall become so much additional indebtedness secured by this Indenture, shall be given a preference in payment over the Bonds, and shall be paid out of the Security (other than from funds obtained from the Credit Facility).

Section 9.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Holders, the Credit Issuer, the Paying Agent, the Remarketing Agent and the Company any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions herein being intended to be and being for the sole and exclusive benefit of the parties hereto, the Holders, the Credit Issuer, the Paying Agent, the Remarketing Agent and the Company as herein provided.

Section 9.3 Severability. If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or sections of this Indenture, shall not affect the remaining portions of this Indenture or any part thereof.

Section 9.4 Notices. Except as otherwise provided herein, all notices, approvals, consents, requests, and other communications hereunder shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or facsimile transmitter (with confirmed receipt) to the address or facsimile

number set forth below and shall be deemed to have been given on the date deposited in the mail, if mailed, by first-class, registered or certified mail, postage prepaid, addressed as set forth below. Where required herein, notice shall be given by telephone, and promptly confirmed in writing, and shall be deemed given when given by telephone to the telephone numbers set forth below. The Issuer, the Company, any Credit Issuer, the Trustee, the Remarketing Agent and the Paying Agent may, by written notice given hereunder, designate any different addresses, phone numbers and facsimile numbers to which subsequent notices, certificates, approvals, consents, requests or other communications shall be sent.

To the Issuer: Palm Beach County, Florida
c/o Palm Beach County Attorney's Office
301 N. Olive Avenue, Suite 601
West Palm Beach, Florida 33401
Attention: Paul King, Esquire
Telephone: (561) 355-2225
Facsimile: (561) 355-4398

To the Trustee: Manufacturers and Traders Trust Company
Corporate Trust Services
25 South Charles Street, 16th Floor
Baltimore, Maryland 21201
Telephone: (410) 244-4223
Facsimile: (410) 244-4236

To the Company: Caron Foundation of Florida, Inc.
Galen Hall Road, P.O. Box 150
Wernersville, Pennsylvania 19565
Attention: Andrew Rothermel, CFO
Telephone: (610) 743-6182
Facsimile: (610) 678-6805

With a copy to: Stevens & Lee
111 North Sixth Street
Reading, Pennsylvania 19601
Attn: James M. Snyder, Esquire
Telephone: (610) 478-2211
Facsimile: (610) 988-0847

To the Credit Issuer: Wachovia Bank, National Association
International Operations
Standby Letters of Credit, NC-6034
401 Linden Street
Winston-Salem, North Carolina 27101
Telephone: (800) 522-9487
Facsimile: (336) 735-0950

With a copy to: Wachovia Bank, National Association
600 Penn Street, PA6490
Reading, Pennsylvania 19602
Attention: David A. Addison
Telephone: (610) 655-2927
Facsimile: (610) 655-3300

To the Remarketing Agent: Wachovia Bank, National Association
Mail Code NC0600
301 South College Street, DC8
Charlotte, North Carolina 28288-0600
Attention: Rick White
Municipal Trading Desk
Telephone: (704) 383-6452
Facsimile: (704) 383-0065

To the Paying Agent: Manufacturers and Traders Trust Company
213 Market Street
Mail Code 001-02-11
Harrisburg, Pennsylvania 17101
Attention: Corporate Trust Department
Telephone: (717) 255-2213
Facsimile: (717) 231-2615

Section 9.5 Payments Due on Non-Business Days. In any case where the date of maturity of interest on or premium, if any, or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

Section 9.6 Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained in this Indenture.

Section 9.7 Captions. The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

Section 9.8 Governing Law. This Indenture shall be governed by and interpreted in accordance with the laws of the State.

Section 9.9 Limited Liability of Issuer. Notwithstanding anything to the contrary, any liability for payment of money and any other liability or obligation which the Issuer may incur under the Bonds, this Indenture, the Loan Agreement or the Purchase Agreement shall not

constitute a general obligation of the Issuer but shall constitute limited obligations of the Issuer payable solely from and enforced only against the Security.

Section 9.10 Notices to Rating Agency. If the Bonds are rated by a Rating Agency, the Trustee shall provide written notice to such Rating Agency with respect to (i) the appointment of any successor Trustee, Remarketing Agent or Paying Agent, (ii) the appointment of any agent by the Trustee to perform any material duties of the Trustee under this Indenture, (iii) the expiration, termination, extension (other than an automatic extension) or substitution of any Credit Facility, (iv) any Conversion Date, (v) any Mandatory Purchase Date (except Conversion Dates), (vi) any material amendment or supplement to this Indenture, the Credit Facility, the Credit Agreement or the Remarketing Agreement, and (vii) the payment in full of all of the Bonds (whether at stated maturity or upon redemption, acceleration or defeasance). Failure of the Trustee to provide any such notice shall not have any effect on the occurrence of such event.

Section 9.11 Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed in its name and on its behalf by its Chairperson or Vice Chairperson of the Board of Commissioners and its seal affixed and attested by its Clerk or Deputy Clerk and the Trustee has caused this Indenture to be executed, sealed and attested in its name by its duly authorized representative, all as of the day and year first above written.

ATTEST:

PALM BEACH COUNTY, FLORIDA

Sharon R. Bock, Clerk & Comptroller

By: _____
Addie L. Greene, Chairperson
Board of County Commissioners

By: _____
Deputy Clerk

[SEAL]

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

County Attorney

**MANUFACTURERS AND TRADERS TRUST
COMPANY, AS TRUSTEE**

(SEAL)

By: _____
Name:
Title:

EXHIBIT "A"

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

United States of America

Palm Beach County, Florida
Tax-Exempt Adjustable Mode
Revenue Bond

(Caron Foundation of Florida, Inc. Project) Series 2007

No. R-__

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issue Date</u>	<u>CUSIP</u>
As Stated Below	September 1, 2027	September __, 2007	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ MILLION _____ THOUSAND DOLLARS
(\$ _____)

FOR VALUE RECEIVED, Palm Beach County, Florida, a political subdivision of the State of Florida (the "Issuer"), hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, at the principal office of the Paying Agent named below, on the Maturity Date specified above, unless redeemed prior thereto, the Principal Amount specified above, together with interest thereon at the rates determined as set forth herein from the Issue Date specified above, but only from the sources and in the manner hereinafter provided on the first Business Day of each calendar month during any Weekly Rate Period, on each March 1 and September 1 during any Fixed Rate Period, and on each Conversion Date (an "Interest Payment Date") until the principal hereof is paid or duly provided for upon redemption or maturity. Payment of the principal and redemption premium, if any, and interest on this Bond shall be made in lawful money of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts. Unless other arrangements are made pursuant to the Indenture (hereinafter defined), interest is payable by check or draft drawn upon Manufacturers and Traders Trust Company, as Paying Agent (the

"Paying Agent"), mailed on the Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) to the Holder hereof at the close of business on the Record Date immediately preceding each Interest Payment Date at the address of such Holder as it appears on the Register. Interest on this Bond shall be computed on the basis of a 365-day year (366 days in a leap year) for the actual days elapsed during any Weekly Rate Period and a 360-day year consisting of twelve months of thirty days each during any Fixed Rate Period (calculated by multiplying the principal amount of Bonds by the interest rate, dividing that sum by 360, and multiplying that amount by the actual days elapsed). In any case where the date of maturity of interest on or premium, if any, or principal of this Bond or the date fixed for redemption of this Bond shall not be a Business Day, then payment of such interest, premium or principal need not be made on such date but shall be made on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, and, in the case of such payment, no interest shall accrue for the period from and after such date.

This Bond shall be a limited obligation of the Issuer, the principal, interest and premium (if any) of which are payable solely from and secured by the Security described in the Indenture, including the moneys available to be drawn by the Trustee under any Credit Facility (as defined in the Indenture) that may be in effect from time to time to support payments due on or with respect to this Bond, all as described in and subject to limitations set forth in the Indenture, for the equal and ratable benefit of the Holders, from time to time of this Bond. This Bond and the interest thereon and redemption premium, if any, shall not be deemed to constitute or create an indebtedness, liability or obligation of the Issuer, the State of Florida or any political subdivision or agency thereof within the meaning of any state constitutional provision or statutory limitation or a pledge of the faith and credit or the taxing power of the State of Florida or any such political subdivision or agency.

This Bond is one of the Bonds of a duly authorized issue of Tax-Exempt Adjustable Mode Revenue Bonds of the Issuer in the aggregate principal amount of \$ _____ known as Palm Beach County, Florida Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (herein called the "Bonds"), dated as of the Issue Date referenced above. All of the Bonds are issued under and pursuant to Chapter 159, Part II, Florida Statutes, Chapter 125, Florida Statutes, Article VIII, Section 1, Constitution of the State of Florida, as amended (the "Act"), and an Indenture of Trust (as amended or supplemented from time to time, the "Indenture"), dated as of September 1, 2007, by and between the Issuer and Manufacturers and Traders Trust Company, as Trustee (the "Trustee"). Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and redemption premium, if any, and interest on the Bonds, the nature and extent of the security for the Bonds, the terms and conditions under which the Bonds are or may be issued, the rights, duties and obligations of the Issuer and of the Trustee and the rights of the Holders of the Bonds, and, by the acceptance of this Bond, the Holder hereof assents to all of the provisions of the Indenture. Capitalized terms used herein and not defined shall have the meaning ascribed to them in the Indenture.

The Bonds have been issued for the purpose of financing the acquisition, construction, installation and equipping of certain substance abuse treatment facilities located in Palm Beach County, Florida (the "Project"). The Issuer and Caron Foundation of Florida, Inc. (the "Company") have entered into a Loan Agreement, dated as of September 1, 2007 (as amended or supplemented from time to time, the "Loan Agreement"), pursuant to which the Issuer has agreed to lend the proceeds of the sale of the Bonds to the Company, and the Company has agreed to make payments in an amount, corresponding to the principal amount of, interest rate on, Purchase Price of and due dates of the Bonds. To evidence its obligation to make such payments, the Company has delivered to the Issuer its Promissory Note (the "Note") dated the Issue Date, which has been endorsed without recourse to the Trustee. The Loan Agreement also provides for the payment by the Company of certain fees and expenses.

Pursuant to the Indenture the Issuer has, for the benefit of the Holders of the Bonds, assigned, without recourse, representation or warranty, to the Trustee in trust the Security, which includes:

(i) all Repayments received by the Issuer under the Loan Agreement and the Note, which Repayments are to be paid directly by the Company to the Trustee and deposited in the Bond Fund or the Bond Purchase Fund established under the Indenture in accordance with the Indenture;

(ii) all moneys in the Bond Fund, the Bond Purchase Fund, the Surplus Fund and the Project Fund established under the Indenture, including the proceeds of the Bonds pending disbursement thereof;

(iii) all of the Issuer's rights, title and interest in the Loan Agreement and the Note except Reserved Rights, as defined in the Indenture;

(iv) all other rights and interests granted to the Issuer in connection with the Loan Agreement (except Reserved Rights) as set forth in the Indenture or granted directly to the Trustee as provided in the Indenture; and

(v) all of the proceeds of the foregoing (except the amounts payable to or on behalf of the Issuer on account of its Reserved Rights, as defined in the Indenture), including without limitation investments thereof.

The Bonds are additionally secured by an irrevocable, direct-pay letter of credit (the "Original Credit Facility") from Wachovia Bank, National Association (the "Credit Issuer"), in the amount of the aggregate principal amount of the Bonds outstanding from time to time, plus 34 days interest computed at an assumed interest rate of twelve percent (12%) per annum, which Original Credit Facility will expire on _____, 2010, unless extended or earlier terminated in accordance with its terms. Under certain circumstances described in the Indenture, the Company may obtain an Alternate Credit Facility in substitution for the Original Credit Facility.

The Bonds are issuable as fully registered Bonds in the principal amount of \$100,000 and multiples of \$5,000 in excess thereof (during any Weekly Rate Period, an "Authorized

Denomination"). This Bond, upon surrender hereof at the principal office of the Registrar with a written instrument of transfer satisfactory to the Registrar executed by the Holder hereof or his/her attorney duly authorized in writing, may, at the option of the Holder hereof, be exchanged for an equal aggregate principal amount of Bonds of the same aggregate principal amount and tenor as the Bonds being exchanged and of any Authorized Denomination. This Bond may be registered as transferred as provided in the Indenture, subject to certain limitations therein contained, only upon the Register, and only upon surrender of this Bond for registration of transfer to the Registrar accompanied by a written instrument of transfer (in substantially the form of the assignment attached hereto) duly executed by the Holder hereof or his/her duly authorized attorney. Thereupon, one or more new Bonds of any Authorized Denomination and in the same aggregate principal amount and tenor as the Bond surrendered (or for which registration of transfer has been effected) will be issued to the designated transferee or transferees.

1. **Interest Rates on Bonds.**

(a) **Initial Rate -- General.** This Bond shall bear interest as provided in the Indenture from the Issue Date to the date of payment in full hereof. Interest accrued on this Bond shall be paid on each Interest Payment Date (or, if such day is not a Business Day, the next succeeding Business Day) commencing on the earlier of _____, 2007 or the first Conversion Date. The interest rate on this Bond will be determined as provided in the Indenture; provided, that no Rate shall exceed the lesser of (i) the Ceiling Rate and (ii) the maximum rate permitted by applicable law. The Bonds shall bear interest at the Weekly Rate from the Issue Date until the date, if any, on which the Interest Rate Determination Method is changed as described in the Indenture. The Weekly Rate for the initial Interest Period shall be determined by the Underwriter on the Issue Date.

(b) **Determination of Rate.** After the determination of the Weekly Rate for the initial Interest Period, the applicable Rate shall be determined by the Remarketing Agent at the time and in the manner specified in the Indenture; provided, that if for any reason such Rate is not established by the Remarketing Agent, no Remarketing Agent shall be serving as such under the Indenture or the rate so established is held to be invalid or unenforceable, then the applicable Rate shall be determined as provided in the Indenture. The determination of any Rate in accordance with the terms of the Indenture shall be conclusive and binding.

2. **Tender of Bonds for Purchase.**

(a) **Optional Tender.** Except as set forth in the Indenture, during any Weekly Rate Period, the Holders of the Bonds shall have the right to tender any such Bond (or portion thereof in an Authorized Denomination, provided that any Bond or portion thereof remaining is also in an Authorized Denomination) for purchase on any Optional Tender Date, but only upon:

- (1) delivery to the Remarketing Agent at its principal office, not later than 4:00 p.m., Local Time, on the seventh (7th) day (or on the immediately preceding Business Day if such seventh (7th) day is not a Business Day) next preceding such Optional Tender Date, of an irrevocable written, telephonic (followed, if requested by the

Remarketing Agent, by written or facsimile confirmation delivered to the Remarketing Agent no later than the close of business on the next succeeding Business Day), facsimile or telegraphic notice (with a written or facsimile copy to the Trustee) stating (i) that such Holder will tender for purchase all or any portion of his/her Bonds in an Authorized Denomination and the amount of Bonds to be tendered, and (ii) the Optional Tender Date on which such Bonds will be tendered; and

(2) delivery of such Bond (with an appropriate instrument of transfer duly executed in blank) to the Trustee at its principal office at or prior to 10:00 a.m., Local Time, on such Optional Tender Date; provided, however, that no Bond (or portion thereof) shall be purchased unless such Bond as delivered to the Trustee shall conform in all respects to the description thereof in the aforesaid notice.

Any election of a Holder to tender a Bond for purchase on an Optional Tender Date in accordance with the Indenture shall be irrevocable and shall be binding on the Holder making such election and on any transferee of such Holder.

(b) Optional Tender By Beneficial Owners. If the Bonds are held in a Book-Entry System and bear interest at a Weekly Rate, a purchase notice pursuant to 2(a)(1) above may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in 2(a)(1) above and must state that such Beneficial Owner will cause its beneficial interest (or portion thereof in an Authorized Denomination) to be tendered, the amount of such interest to be tendered, the Optional Tender Date on which such interest will be tendered and the identity of the Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Bonds being tendered transferred to the Trustee at or prior to 10:00 a.m., on the Optional Tender Date, but need not otherwise comply with 2(a)(2) above.

(c) Certain Required Tenders for Purchase. Bonds are subject to mandatory tender for purchase as provided in the Indenture on any Mandatory Purchase Date (i.e., any Conversion Date, any Credit Modification Date, any Credit Issuance Date, and certain dates designated by the Credit Issuer or the Company) at the Purchase Price thereof.

(d) Bonds Deemed Tendered. If (1) with respect to a Mandatory Purchase Date, a Holder fails to deliver such Bond to the Trustee on or before the Mandatory Purchase Date, or (2) with respect to an Optional Tender Date, a Holder gives notice pursuant to 2(a)(1) above to the Remarketing Agent and thereafter fails to deliver such Bonds (or portion thereof), to the Trustee, as required, then such Bond (or portion thereof) that is not delivered to the Trustee shall be deemed to have been properly tendered (such Bond being hereinafter referred to as an "Untendered Bond") and, to the extent that there shall be on deposit with the Paying Agent on the date purchase thereof is required as provided in the Indenture, an amount sufficient to pay the Purchase Price thereof, such Untendered Bond shall cease to constitute or represent a right to payment of principal or interest thereon and shall constitute and represent only the right to the payment of the Purchase Price payable on such date.

3. **Conversion of the Interest Rate Determination Method for the Bonds.** The

Indenture provides that the Company may change the Interest Rate Determination Method for the Bonds, subject to the terms and conditions set forth therein.

4. **Issuance of a Credit Facility or Alternate Credit Facility.** The Indenture provides that the Company may arrange for the issuance of a Credit Facility or an Alternate Credit Facility, subject to the terms and conditions set forth therein.

5. **Optional Redemption.**

(a) **During a Weekly Rate Period.** During any Weekly Rate Period, the Bonds are subject to redemption, at the direction of the Company, in whole on any Business Day or in part on any Interest Payment Date at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date.

(b) **During a Fixed Rate Period.** During any Fixed Rate Period, the Bonds are subject to redemption, at the direction of the Company, in whole or in part, on any Interest Payment Date occurring on or after the First Day of Redemption Period as described below, at a redemption price equal to the principal amount thereof, plus a redemption premium (expressed as a percentage of principal amount) plus accrued interest thereon to, but not including, the redemption date as follows, provided, however, if a Credit Facility is then in effect, such redemption premium shall be paid only from Eligible Funds described in clause (i) of the definition of Eligible Funds on deposit in the Bond Fund, unless such Credit Facility provides for payment of such premium:

Length of Fixed Rate Period From Conversion Date Until End of Rate Period (Expressed in Years)	First Day of Redemption Period	Redemption Premium as a Percentage of Principal Amount of Bonds
More than 15	10th Anniversary of Conversion Date	3% declining by 1% every year after the 10th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%.
More than 10 but not more than 15	7th Anniversary of Conversion Date	3% declining by 1% every year after the 7th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%
More than 5 but not more than 10	4th Anniversary of Conversion Date	2% declining by 1% every year after the 4th Anniversary of the Conversion Date until reaching 0%, and thereafter 0%.
5 or less	Bonds not redeemable pursuant to this paragraph.	N/A

The above premiums may be changed upon the conversion to a Fixed Rate upon the receipt of an Opinion of Bond Counsel subject to and in accordance with the provisions of the Indenture.

6. **Extraordinary Optional Redemption.** The Bonds are subject to redemption in whole, at the direction of the Company, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date, on any date for which the requisite notice of redemption can be given, within one hundred eighty (180) days of the occurrence of certain events specified in the Indenture relating to damage or destruction of the Project Facilities or portions thereof, the taking by eminent domain of the Project Facilities or portions thereof, changes in law or other events that render continued operation of the Project Facilities uneconomical, legal curtailment of the use of the Project Facilities or the termination of the Loan Agreement other than because of an event of default thereunder.

7. **Certain Mandatory Redemptions.** The Bonds are subject to mandatory redemption in whole at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon (and not including any premium which might otherwise be payable during any Fixed Rate Period) to, but not including, the redemption date on any Business Day for which the requisite notice of redemption can be given within forty-five (45) days after the occurrence of a Determination of Taxability; provided, however, if mandatory redemption on account of a Determination of Taxability of less than all the Bonds would result, in the Opinion of Bond Counsel, in the interest on the Bonds Outstanding following such mandatory redemption not being includable in the gross income of the Holders of such Bonds Outstanding, then the Bonds are subject to mandatory redemption upon the occurrence of a Determination of Taxability in the amount specified in such opinion.

8. **Notice of Redemption.** Notice of redemption shall be mailed by the Trustee by first-class mail, postage prepaid, at least thirty (30) days before the redemption date to each Holder of the Bonds to be redeemed in whole or in part at his/her last address appearing on the Register, but no defect in or failure to give such notice of redemption shall affect the validity of the redemption. A notice of optional redemption may state that redemption of the Bonds is conditioned upon the deposit with the Trustee of sufficient Eligible Funds on or prior to the date selected for redemption to reimburse the Credit Issuer for the drawing under the Credit Facility to redeem the Bonds or to pay any redemption premium, and that if sufficient Eligible Funds are not so available on the date selected for redemption, such call for redemption shall be revoked. All Bonds properly called for redemption will cease to bear interest on the date fixed for redemption, provided Eligible Funds for their redemption have been duly deposited with the Trustee pursuant to the Indenture and, thereafter, the Holders of such Bonds called for redemption shall have no rights in respect thereof except to receive payment of the redemption price from the Trustee and a new Bond for any portion not redeemed.

9. **Miscellaneous.** Under certain circumstances as described in the Indenture, the principal of all the Bonds may be declared due and payable in the manner and with the effect provided in the Indenture.

Modifications or alterations to the Indenture, the Loan Agreement or the Credit Facility may be made only to the extent and in the circumstances permitted by the Indenture and the Loan Agreement.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or the Loan Agreement, or to institute action to enforce the covenants therein, or to take any action with respect to a default under the Indenture or the Loan Agreement, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided under certain limited circumstances described in the Indenture; provided, however, that nothing contained in the Indenture shall affect or impair any right of enforcement conferred on the Holder hereof by the Act to enforce (i) the payment of the principal of and premium, if any, and interest on this Bond at and after the maturity hereof, or (ii) the obligation of the Issuer to pay the principal of and premium, if any, and interest on this Bond to the Holder hereof at the time, place, from the source and in the manner as provided in the Indenture.

It is hereby certified that all acts, conditions and things required to happen, exist and be performed under the laws of the State of Florida and under the Indenture precedent to and in the issuance of this Bond have happened, exist and have been performed as so required and that the issuance, authentication and delivery of this Bond have been duly authorized by the Issuer.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature of one of its authorized signers, this Bond shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, Palm Beach County, Florida has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chairperson or Vice Chairperson of the Board of Commissioners of the Issuer and its official seal to be impressed or imprinted hereon and attested by manual or facsimile signature of the Clerk or Deputy Clerk of the Issuer, all as of the Issue Date referenced above.

ATTEST:

PALM BEACH COUNTY, FLORIDA

Sharon R. Bock, Clerk & Comptroller

By: _____
Addie L. Greene, Chairperson
Board of County Commissioners

By: _____
Deputy Clerk

[SEAL]

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

County Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds issued under the provisions of the within-mentioned Indenture.

**MANUFACTURERS AND TRADERS TRUST
COMPANY**

By: _____
Authorized Representative

Dated: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Please print or typewrite the Name and Address, including the Zip Code of the Transferee, and the federal taxpayer identification or social security number) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration and transfer thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name as it appears upon the face of the within-mentioned Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed

By: _____

NOTICE: Signature(s) must be guaranteed by a member firm of the STAMP, SEMP or MSP signature guaranty medallion program.

EXHIBIT "B"

CONVERSION NOTICE

[Name and Address of Holder]

This Conversion Notice is delivered pursuant to that certain Indenture of Trust dated as of September 1, 2007 (the "Indenture"), between Manufacturers and Traders Trust Company, as trustee (the "Trustee"), and Palm Beach County, Florida (the "Issuer"), relating to the Issuer's \$ _____ principal amount Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds"). You are hereby notified that:

1. Caron Foundation of Florida, Inc. (the "Company"), has elected to change the Interest Rate Determination Method pertaining to the Bonds to a new Interest Rate Determination Method.
2. The proposed Conversion Date shall be _____.
3. As a result of the proposed conversion, a Mandatory Purchase Date, as defined in the Indenture, shall occur and the Bonds shall be subject to mandatory tender for purchase at the Purchase Price thereof, as defined in the Indenture.
4. If certain conditions set forth in the Indenture are not satisfied or if the conversion is revoked, the Interest Rate Determination Method shall not be changed.
5. All Bonds should be presented to the Trustee at Manufacturers and Traders Trust Company, Bond Administration, 213 Market Street, Mail Code 001-02-11, Harrisburg, Pennsylvania 17101, Attention: Corporate Trust Department.
6. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Wachovia Bank, National Association as Remarketing Agent. Holders interested in repurchasing Bonds on the Conversion Date may contact the Remarketing Agent at (704) 383-6452.
7. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

[Trustee]

B-1

Error! Unknown document property name.

EXHIBIT "C"

NOTICE OF CREDIT FACILITY

[Name and Address of Holder]

This Notice of Credit Facility is being sent to you as a Holder of Palm Beach County, Florida Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds"), issued pursuant to that certain Indenture of Trust dated as of September 1, 2007 (the "Indenture"), between Manufacturers and Traders Trust Company, as trustee (the "Trustee"), and Palm Beach County, Florida (the "Issuer"). You are hereby notified that:

1. The undersigned is the Trustee under the Indenture.
2. Caron Foundation of Florida, Inc. (the "Company") has delivered pursuant to the Indenture a Credit Issuance Notice stating that the Company has, with the consent of the Remarketing Agent, arranged for the issuance of a Credit Facility, as permitted by the Indenture, and specifying the proposed Credit Issuance Date to be _____.
3. Under the terms of the Indenture, the Bonds shall be subject to mandatory tender for purchase on the proposed Credit Issuance Date at the Purchase Price thereof, as specified in the Indenture.
4. Upon acceptance by the Trustee of the Credit Facility, [the ratings on the Bonds from _____ are anticipated to be _____/the Bonds will not be rated].
5. If certain conditions set forth in the Indenture are not satisfied, the Trustee shall not accept the Credit Facility.
6. All Bonds should be presented to the Trustee at Manufacturers and Traders Trust Company, Bond Administration, 213 Market Street, Mail Code 001-02-11, Harrisburg, Pennsylvania 17101, Attention: Corporate Trust Department.
7. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Wachovia Bank, National Association as Remarketing Agent. Holders interested in repurchasing Bonds on the Credit Issuance Date may contact the Remarketing Agent at (704) 383-6452.
8. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

[Trustee]

C-1

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EXHIBIT "D"

NOTICE OF CREDIT MODIFICATION DATE

[Name and Address of Holder]

This Notice of Credit Modification Date is delivered pursuant to that certain Indenture of Trust dated as of September 1, 2007 (the "Indenture"), between Manufacturers and Traders Trust Company, as trustee (the "Trustee"), and Palm Beach County, Florida (the "Issuer"), relating to the Issuer's \$_____ principal amount Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds"). You are hereby notified that:

1. The undersigned Trustee is Trustee under the Indenture.
2. A Credit Modification Date, as defined in the Indenture, shall occur on _____ and Bonds shall be subject to mandatory tender for purchase at the Purchase Price thereof, as defined in the Indenture.
3. [The Company intends to deliver an Alternate Credit Facility issued by _____ on the Credit Modification Date. Upon acceptance by the Trustee of the Alternate Credit Facility, [the ratings on the Bonds from _____ are anticipated to be _____/the Bonds are not expected to be rated]. If certain conditions set forth in the Indenture are not satisfied, the Trustee shall not accept the Alternate Credit Facility.]
4. All Bonds should be presented to the Trustee at Manufacturers and Traders Trust Company, Bond Administration, 213 Market Street, Mail Code 001-02-11, Harrisburg, Pennsylvania 17101, Attention: Corporate Trust Department.
5. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Wachovia Bank, National Association as Remarketing Agent. Holders interested in repurchasing Bonds on the Credit Modification Date may contact the Remarketing Agent at (704) 383-6452.
6. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

[Trustee]

D-1

Error! Unknown document property name.

EXHIBIT "E"

NOTICE OF MANDATORY PURCHASE DATE

[Name and Address of Holder]

This Notice of Mandatory Purchase Date is delivered pursuant to that certain Indenture of Trust dated as of September 1, 2007 (the "Indenture"), between Manufacturers and Traders Trust Company, as trustee (the "Trustee"), and Palm Beach County, Florida (the "Issuer"), relating to the Issuer's \$ _____ principal amount Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds"). You are hereby notified that:

1. The undersigned Trustee is Trustee under the Indenture.
2. [The Company, with the consent of the Remarketing Agent and the Credit Issuer, if any, has designated _____ as a Mandatory Purchase Date.] [The Credit Issuer has notified the Trustee that an event of default under the Credit Agreement has occurred and is continuing and has requested that the Bonds be required to be tendered for purchase. Under the terms of the Indenture, _____ has been designated as a Mandatory Purchase Date.] The Bonds are subject to mandatory tender for purchase at the Purchase Price thereof, as defined in the Indenture, on such date.
3. All Bonds should be presented to the Trustee at Manufacturers and Traders Trust Company, Bond Administration, 213 Market Street, Mail Code 001-02-11, Harrisburg, Pennsylvania 17101, Attention: Corporate Trust Department.
4. Holders have no right to retain Bonds subject to mandatory tender. The Bonds will be remarketed by Wachovia Bank, National Association as Remarketing Agent. Holders interested in repurchasing Bonds on the Mandatory Purchase Date may contact the Remarketing Agent at (704) 383-6452.
5. All capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Indenture.

Very truly yours,

[Trustee]

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EXHIBIT "B"
LOAN AGREEMENT

LOAN AGREEMENT

between

PALM BEACH COUNTY, FLORIDA

and

CARON FOUNDATION OF FLORIDA, INC.

Dated as of September 1, 2007

Relating to

Tax-Exempt Adjustable Mode

Revenue Bonds

(Caron Foundation of Florida, Inc. Project)

Series 2007

in the aggregate principal amount of \$9,500,000

CERTAIN RIGHTS OF THE ISSUER UNDER THIS AGREEMENT HAVE BEEN ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE UNDER AN INDENTURE OF TRUST, DATED AS OF THE DATE FIRST ABOVE WRITTEN, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.

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Exhibit A - Form of Requisition and Certificate
Exhibit B - Form of Promissory Note

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of September 1, 2007, is made and entered into by and between Palm Beach County, Florida (the "Issuer"), a political subdivision of the State of Florida, and Caron Foundation of Florida, Inc. (the "Company"), a Pennsylvania not-for-profit corporation;

WITNESSETH:

WHEREAS, the Issuer is a political subdivision of the State of Florida and is empowered by the provisions of the Florida Constitution and the Act to issue obligations for the purpose of financing and refinancing healthcare facilities; and

WHEREAS, the Company desires to finance the Acquisition of the Project; and

WHEREAS, in order to provide funds for and toward the payment of a portion of the costs of the Project, the Issuer has authorized the issuance and sale of its Bonds; and

WHEREAS, the Bonds are to be issued under and secured by an Indenture of Trust dated the date hereof (the "Indenture"), between the Issuer and the Trustee; and

WHEREAS, this Agreement provides that the Issuer will loan the proceeds of the Bonds to the Company to finance the Project and the Company will agree, among other things, to repay the loan in installments equal to payments of debt service on the Bonds when due; and

WHEREAS, the Trustee has agreed under the Indenture to draw on the Credit Facility at such times and in such amounts as shall be sufficient to pay when due the principal of, premium, if any, interest and Purchase Price on the Bonds and to credit all amounts paid under the Credit Facility against the Company's obligation to make loan repayments under this Agreement for such items; and

WHEREAS, execution and delivery of this Agreement and the issuance hereunder and under the Act of the Bonds have been in all respects duly and validly authorized by resolution of the Board of the Issuer duly adopted prior to such execution and delivery; and

WHEREAS, as security for the full and prompt payment and performance of all its obligations under the Indenture, including, specifically, without limiting the generality of the foregoing, its obligation to make payment of principal of, premium, if any, Purchase Price and interest on the Bonds, when due, the Issuer has, pursuant to the provisions of the Indenture, assigned to the Trustee all of its right, title and interest in, to and under this Agreement (except its right to indemnification and to receive its fees and expenses hereunder), including without limitation, the right to receive loan payments payable by the Company hereunder; and

WHEREAS, in order to assure full and prompt payment of the Bonds, the Company, among other things, has caused the Bank to issue its Credit Facility to assure payment of principal of, Purchase Price and interest on the Bonds when due (subject to reduction and reinstatement as provided therein) pursuant to the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows;

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 **Definitions.** In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used herein shall have the following meanings unless the context or use clearly indicates another or different meaning or intent, and any other words and terms defined in the Indenture shall have the same meanings when used herein as assigned in the Indenture unless the context or use clearly indicates another or different meaning or intent:

“Acquisition” means, when used with reference to the Project, acquisition, construction, installation and equipping.

“Agreement” means this Loan Agreement between the Issuer and the Company and any modifications, amendments and supplements hereto made in accordance with the provisions hereof and of the Indenture.

“Bond Documents” means, collectively, the Bonds, this Agreement, the Note, the Indenture, the Credit Facility, the Credit Agreement, the Purchase Agreement, the Remarketing Agreement and the Official Statement.

“Bond Proceeds” means the principal of the Bonds and any investment earnings thereon while on deposit in the Project Fund.

“Company Representative” means any one of the persons at the time designated to act on behalf of the Company by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such persons and signed on behalf of the Company by the President or any Vice President of the Company.

“Completion Date” means, with respect to the Project, the date on which the Company Representative delivers a completion certificate to the Trustee pursuant to **Section 3.3.**

“Cost(s) of the Project”, “Cost” or “Costs” means all costs and allowances which the Issuer or the Company may properly pay or accrue for the Project and which, under generally accepted accounting principles, are chargeable to the capital account of the Project or could be so charged either with a proper election to capitalize such costs or, but for a proper election, to expense such costs, including (without limitation) the following costs:

(a) fees and expenses incurred in preparing the plans and specifications for the Project (including any preliminary study or planning or any aspect thereof); any labor, services, materials and supplies used or furnished in site improvement and construction; any equipment for the Project; and any acquisition necessary to provide utility services or other services, including trackage to provide the Project Facilities with public transportation facilities,

roadways, parking lots, water supply, sewage and waste disposal facilities; and all real and tangible personal property deemed necessary by the Company and acquired in connection with the Project;

(b) fees for architectural, engineering, supervisory and consulting services;

(c) any fees and expenses incurred in connection with perfecting and protecting title to the Project Facilities and any fees and expenses incurred in connection with preparing, recording or filing such documents, instruments or financing statements as either the Company or the Issuer may deem desirable to perfect or protect the rights of the Issuer or the Trustee under the Bond Documents;

(d) any legal, accounting or financial advisory fees and expenses, including, without limitation, fees and expenses of Bond Counsel and counsel to the Issuer, the Company, the Credit Issuer, the Underwriter, the Remarketing Agent or the Trustee, any fees and expenses of the Issuer, Trustee, Remarketing Agent, Underwriter, Credit Issuer, Paying Agent or any rating agency, filing fees, and printing and engraving costs, incurred in connection with the authorization, issuance, sale and purchase of the Bonds, and the preparation of the Bond Documents and all other documents in connection with the authorization, issuance and sale of the Bonds;

(e) interest to accrue on the Bonds during construction of the Project;

(f) any administrative or other fees charged by the Issuer or reimbursement thereto of expenses in connection with the Project until the Completion Date; and

(g) any other costs and expenses relating to the Project which could constitute costs or expenses for which the Issuer may expend Bond Proceeds under the Act.

“Eminent Domain” means the taking of title to, or the temporary use of, the Project Facilities or any part thereof pursuant to eminent domain or condemnation proceedings, or by any settlement or compromise of such proceedings, or any voluntary conveyance of the Project Facilities or any part thereof during the pendency of, or as a result of a threat of, such proceedings.

“Event of Default” shall have the meaning set forth in **Section 10.1**.

“Governing Body” means the board, commission, council or other body in which the general legislative powers of the Issuer are vested.

“Issuer Representative” means any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Company and the Trustee containing the specimen signatures of such persons and signed on behalf of the Issuer by its Chair or Vice Chair.

“Net Proceeds” means, when used with respect to any proceeds of insurance or proceeds resulting from Eminent Domain, the gross proceeds therefrom less all expenses (including attorneys’ fees) incurred in the realization thereof.

“Official Statement” means the Preliminary Official Statement and the final Official Statement prepared and used in connection with the initial sale of the Bonds on the Issue Date.

“Plans and Specifications” means the plans and specifications used in the Acquisition of the Project, as the same may be revised from time to time by the Company in accordance with **Section 3.8**.

“Premises” shall mean those parcels of real property located in the Palm Beach County, Florida, on which the Company’s treatment facilities are located.

“Project” means (A) the acquisition, construction, installation and furnishing of certain leasehold improvements to the apartment facilities known as Fairways on the Green located at 2101 Lawson Boulevard, Delray Beach, Florida; (B) the acquisition, build-out, installation and furnishing of an office and outpatient treatment facility known as Beacon Square located at 8051 Congress Avenue, Boca Raton, Florida; and (C) the payment of the costs and expenses of issuing the Bonds.

“Project Facilities” shall mean all of the Company’s right, title and interest in and to the Premises, together with all the right, title and interest of the Company in and to all buildings, improvements and appurtenant facilities located on the Premises.

“Remarketing Agreement” means the Remarketing and Interest Services Agreement, dated as of September 1, 2007, between the Company and the Remarketing Agent.

“Tax Certificate” means the Nonarbitrage Certificate and Agreement, dated as of the Issue Date, and executed by the Issuer.

Section 1.2 **Rules of Construction**. Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

- (a) Capitalized terms used but not defined in this Agreement shall have the meaning ascribed to them in the Indenture.
- (b) Words importing the singular number shall include the plural number and vice versa.
- (c) The table of contents, captions and headings herein are solely for convenience of reference only and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (d) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders.
- (e) All references in this Agreement to particular Articles or Sections are references to Articles and Sections of this Agreement, unless otherwise indicated.

ARTICLE II

REPRESENTATIONS

Section 2.1 **Representations by the Issuer.** The Issuer represents and warrants as follows:

(a) The Issuer is a political subdivision of the State of Florida, organized and existing under the Act and is authorized by the Act to execute and to enter into this Agreement and to undertake the transactions contemplated herein and to carry out its obligations hereunder.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds thereof to the Company for the Acquisition of the Project; no other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required as a condition to the performance by the Issuer of its obligations under any Bond Documents.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when delivered will be, legal, valid and binding special obligations of the Issuer enforceable against the Issuer in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(e) There is no default of the Issuer in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the Bond Documents or the ability of the Issuer to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of the Bond Documents which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) With respect to the Bonds, there are no other obligations of the Issuer that have been, are being or will be (i) sold at substantially the same time, (ii) sold pursuant to the same plan of financing, and (iii) reasonably expected to be paid from substantially the same source of funds.

(g) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding

would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture or this Agreement or (ii) the tax-exempt status of interest on the Bonds.

(h) In connection with the authorization, issuance and sale of the Bonds, the Issuer has complied with all provisions of the Constitution and laws of the State of Florida, including the Act.

(i) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement for any purpose other than to secure the Bonds under the Indenture. The Bonds constitute the only bonds or other obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no bonds or other obligations have been or will be issued on the basis of this Agreement.

(j) The Issuer is not in default under any of the provisions of the laws of the State of Florida, where any such default would affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement or the Indenture.

Section 2.2 **Representations by the Company.** The Company represents and warrants as follows:

(a) The Company is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the Commonwealth and has corporate and other legal power and authority to enter into and to perform the agreements and covenants on its part contained in the Bond Documents to which it is a party, and has duly authorized the execution, delivery and performance of the Bond Documents to which it is a party and has duly approved the Bond Documents. The Company is duly authorized to conduct business in the State of Florida.

(b) The execution and delivery by the Company of the Bond Documents to which it is a party and the performance by the Company of its obligations thereunder (i) do not violate provisions of statutory laws or regulations applicable to the Company, (ii) do not violate its articles of incorporation or by-laws, (iii) do not breach or result in a default under any other agreement to which it is a party, and (iv) do not violate the terms of any judicial or administrative judgment, order, decree or arbitral decision that names the Company and is specifically directed to it or its properties.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Company, threatened against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bond Documents or (ii) the tax-exempt status of interest on the Bonds.

(d) No further authorizations, consents or approvals of governmental bodies or agencies are required in connection with the execution and delivery by the Company of this Agreement or the other Bond Documents to which the Company is a party or in connection with the carrying out by the Company of its obligations under this Agreement or the other Bond Documents to which the Company is a party.

(e) The Project is of the type authorized and permitted by the Act, and the Project is substantially the same in all material respects to that described in the notice of public hearing published on July 25, 2007.

(f) The Project Facilities will be acquired, constructed and installed and will be operated by the Company in such manner as to conform with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction over the Project Facilities.

(g) The Company will cause all of the proceeds of the Bonds to be applied solely to the payment of Costs of the Project.

(h) The Company has taken no action, and has not omitted to take any action, which action or omission to take action would in any way affect or impair the excludability of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes.

(i) The Company presently in good faith estimates the Cost of the Project to equal or exceed the original principal amount of the Bonds.

(j) The Project Facilities will be located wholly within Palm Beach County, Florida.

All of the above representations and warranties shall survive the execution of the Loan Agreement and the issuance of the Note.

ARTICLE III

ACQUISITION OF THE PROJECT

Section 3.1 **Agreement to Undertake and Complete the Project.** The Company covenants and agrees to undertake and complete the Acquisition of the Project. Upon written request of the Issuer or the Trustee, the Company agrees to make available to the Issuer and the Trustee (for review and copying) all the then current Plans and Specifications for the Project.

The Company agrees to cause the Project to be completed as soon as may be practicable and to cause all proceeds of the Bonds, including investment earnings, to be expended no later than three years from the Issue Date. For Costs of the Project incurred prior to receipt by the Issuer of the proceeds of the Bonds, the Company agrees to advance all funds necessary for such purpose. Such advances may be reimbursed from the Project Fund to the extent permitted by Section 3.2.

The Company shall obtain or cause to be obtained all necessary permits and approvals for the Acquisition, operation and maintenance of the Project Facilities.

Section 3.2 **Disbursements from the Project Fund.** In the Indenture, the Issuer has authorized and directed the Trustee to use the moneys in the Project Fund for payment or reimbursement to the Company of the Costs of the Project.

Each payment for a Cost of the Project shall be made only upon the receipt by the Trustee of a requisition and certificate, substantially in the form attached hereto as **Exhibit A** and signed by the Company Representative and approved by the Credit Issuer.

The Company agrees that it will not request any disbursement which, if paid, would result in (i) less than substantially all (at least ninety-five percent (95%)) of the proceeds of the Bonds being used to provide land or property subject to the allowance for depreciation under Section 167 of the Code, constituting the Project, (ii) less than all of the proceeds of the Bonds being used to provide the Project under the Act, or (iii) the inclusion of the interest on any of the Bonds in the gross income of any Holder for purposes of federal income taxation (as long as such Holder is not a "related person" or a "substantial user" of the Project Facilities as such terms are used in Section 144 of the Code).

Interest on the Bonds and all legal, consulting and issuance expenses shall be set forth separately in any requisition and certificate requesting payment therefor. Such requisitions and certificates shall be consecutively numbered. Upon request, the Company shall furnish the Issuer or the Trustee with copies of invoices or other appropriate documentation supporting payments or reimbursements requested pursuant to this Section 3.2. The Issuer and the Trustee may rely conclusively upon any statement made in any such requisition and certificate.

Section 3.3 Establishment of Completion Date and Certificate as to Completion.
The Completion Date shall be the date on which the Company Representative signs and delivers to the Trustee a certificate stating that, except for amounts retained by the Trustee for Costs of the Project not then due and payable, or the liability for which the Company is, in good faith, contesting or disputing, (a) the Project has been completed to the satisfaction of the Company, and all labor, services, materials and supplies used in such Acquisition have been paid for, and (b) the Project Facilities are suitable and sufficient for the efficient operation as a "project" (as defined in the Act).

Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 3.4 Closeout of Project Fund; Disposition of Balance in Project Fund. All moneys and any unliquidated investments remaining in the Project Fund on the Completion Date and after payment in full of the Costs of the Project (except for costs not then due and payable, or disputed amounts, for the payment of which the Trustee shall have retained amounts as hereinafter provided) shall, as soon as practicable after the Completion Date, and no later than ninety days thereafter, at the direction of the Company, be transferred from the Project Fund to the Surplus Fund. The Trustee shall, at the direction of the Company Representative, retain moneys in the Project Fund for payment of Costs of the Project not then due and payable or which are disputed. Any balance of such retained funds remaining after full payment of such Costs of the Project shall at the direction of the Company be transferred by the Trustee from the Project Fund to the Surplus Fund to be applied to the redemption of Bonds in accordance with the terms of the Indenture.

Section 3.5 Company Required to Pay Costs in Event Project Fund Insufficient. If the moneys in the Project Fund available for payment of the Costs of the Project should not be sufficient to make such payments in full, the Company agrees to pay directly (or to deposit moneys in the Project Fund for the payment of) such costs of completing the Project as may be in excess of the moneys available therefor in the Project Fund. THE ISSUER DOES NOT MAKE ANY WARRANTY OR REPRESENTATION (EITHER EXPRESS OR IMPLIED) THAT THE MONEYS DEPOSITED INTO THE PROJECT FUND AND AVAILABLE FOR PAYMENT OF THE COSTS OF THE PROJECT, UNDER THE PROVISIONS OF THIS AGREEMENT, WILL BE SUFFICIENT TO PAY ALL OF THE COSTS OF THE PROJECT. If, after exhausting the moneys in the Project Fund for any reason (including, without limitation, losses on investments made by the Trustee under the Indenture), the Company pays, or deposits moneys in the Project Fund for the payment of, any portion of the Costs of the Project pursuant to the provisions of this Section 3.5, the Company shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee, nor shall it be entitled to any diminution of the amounts payable under Section 5.2.

Section 3.6 Company and Issuer Representatives and Successors. At or prior to the initial sale of the Bonds, the Company and the Issuer shall appoint a Company Representative and an Issuer Representative, respectively, for the purpose of taking all actions and delivering all certificates required to be taken and delivered by the Company Representative and the Issuer Representative under the provisions of this Agreement. The Company and the Issuer, respectively, may appoint alternate Company Representatives and alternate Issuer Representatives to take any such action or make any such certificate if the same is not taken or made by the Company Representative or the Issuer Representative. In the event any of such persons, or any successor appointed pursuant to the provisions of this Section 3.6, should resign or become unavailable or unable to take any action or deliver any certificate provided for in this Agreement, another Company Representative or alternate Company Representative, or another Issuer Representative or alternate Issuer Representative, shall thereupon be appointed by the Company or the Issuer, respectively. If the Company or the Issuer fails to make such designation within ten (10) days following the date when the then incumbent Company Representative or Issuer Representative resigns or becomes unavailable or unable to take any such actions, the President or any Vice President of the Company, or the Chair or the Vice Chair of the Issuer, shall serve as the Company Representative or the Issuer Representative, respectively.

Whenever the provisions of this Agreement require the Company's approval or require the Issuer or the Trustee to take some action at the request or direction of the Company, the Company Representative shall make such approval or such request or direction in writing unless otherwise specified in this Agreement. Any action so taken with the written approval of or at the written direction of the Company Representative shall be binding upon the Company.

Section 3.7 Investment of Moneys in Funds. The Trustee may invest or reinvest any moneys held pursuant to the Indenture to the extent permitted by Section 4.7 of the Indenture and by law (but subject to the provisions of Section 8.9(a) hereof), in Permitted Investments, as defined in the Indenture, as directed by a Company Representative.

Any such securities may be purchased at the offering or market price thereof at the time of such purchase.

The Trustee may make any and all such investments through its own bond department or trust investments department. Any interest accruing on or profit realized from the investment of any moneys held as part of the Project Fund shall be credited to the Project Fund, and any loss resulting from such investment shall be charged to the Project Fund. Any interest accruing on or profit realized from the investment of any moneys held as a part of the Bond Fund shall be credited to the Bond Fund, and any loss resulting from such investment shall be charged to the Bond Fund. Neither the Issuer nor the Trustee shall be liable for any loss resulting from any such investments, provided the Trustee has performed its respective obligations under **Section 4.7** of the Indenture in accordance with **Section 7.1(e)** of the Indenture. For the purposes of this **Section 3.7**, any interest-bearing deposits, including certificates of deposit, issued by or on deposit with the Trustee shall be deemed to be investments and not deposits.

Section 3.8 Plans and Specifications. The Company shall maintain a set of Plans and Specifications at the Project Facilities which shall be available to the Issuer and the Trustee for inspection and examination during the Company's regular business hours. The Issuer, the Trustee and the Company agree that the Company may supplement, amend and add to the Plans and Specifications, and that the Company shall be authorized to omit or make substitutions for components of the Project, without the approval of the Issuer and the Trustee, provided that no such change shall be made which, after giving effect to such change, would cause any of the representations and warranties set forth in **Section 2.2** hereof to be false or misleading in any material respect, or would result in a violation of the covenant set forth in **Section 8.5**. If any such change would render materially incorrect or inaccurate the description of the initial components of the Project, the Company shall deliver to the Issuer and the Trustee an opinion of Bond Counsel to the effect that such change will not cause the interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes. No approvals of the Issuer and the Trustee shall be required for the Acquisition of the Project or for the solicitation, negotiation, award or execution of contracts relating thereto.

ARTICLE IV

ISSUANCE OF THE BONDS

Section 4.1 Agreement to Issue the Bonds. To provide funds for the Acquisition of the Project, the Issuer agrees that it will sell, issue and deliver the Bonds in the aggregate principal amount of \$9,500,000 to the initial purchasers thereof and will cause the proceeds of the Bonds to be applied as provided in **Section 4.5** of the Indenture.

Section 4.2 No Third-Party Beneficiary. It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of any part of this Agreement to establish in favor of the public or any member thereof, other than as expressly provided herein or as contemplated in the Indenture, the rights of a third-party beneficiary hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement. The duties, obligations and responsibilities of the parties to this Agreement with respect to third parties shall remain as imposed by law.

ARTICLE V

LOAN; PAYMENT PROVISIONS

Section 5.1 **Loan of Proceeds.** The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Company the proceeds received by the Issuer from the sale of the Bonds. The loan shall be made by depositing the proceeds from the initial sale of the Bonds into the Project Fund in accordance with **Section 4.5** of the Indenture. Such proceeds shall be disbursed to or on behalf of the Company as provided in **Section 3.2**. The Company's obligation to repay the loan shall be evidenced by a Promissory Note, the form of which is attached hereto as **Exhibit B**, dated the Issue Date.

Section 5.2 **Amounts Payable.** The Company hereby agrees to pay the Note and repay the loan made pursuant to this Agreement by making the following payments:

(a) The Company shall pay or cause to be paid to the Trustee in immediately available funds for the account of the Issuer for deposit into the Bond Fund on or before any Interest Payment Date for the Bonds or any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, a sum which, together with any Eligible Funds available for such payment in the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture; provided, however, that the obligation of the Company to make any payment hereunder shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Credit Issuer under the Credit Facility.

It is understood and agreed that the Note and all payments payable by the Company under this subsection are assigned by the Issuer to the Trustee for the benefit of the Holders. The Company assents to such assignment. The Issuer hereby directs the Company and the Company hereby agrees to pay to the Trustee at the principal corporate trust office of the Trustee all payments payable by the Company pursuant to the Note and this subsection.

(b) The Company will also pay the reasonable fees and expenses of the Issuer, the Trustee, the Paying Agent, the Remarketing Agent and the Registrar under the Indenture and all other amounts which may be payable to the Trustee, Paying Agent or Registrar under **Section 7.2** of the Indenture, and the reasonable fees and expenses of the Remarketing Agent and all other amounts which may be payable to the Remarketing Agent under the Remarketing Agreement, such fees and expenses to be paid when due and payable by the Company directly to the Issuer, Trustee, Paying Agent, Registrar and Remarketing Agent, respectively, for their own account.

(c) The Company will also pay when due and payable the reasonable fees and expenses of the Issuer related to the issuance of the Bonds, including without limitation, attorneys' fees and expenses.

(d) The Company covenants, for the benefit of the Holders, to pay or cause to be paid, to the Remarketing Agent, such amounts as shall be necessary to enable the Remarketing Agent to pay the Purchase Price of Bonds delivered to it for purchase, all as more particularly described in **Section 2.6** of the Indenture; provided, however, that the obligation of the Company to make any such payment under this **Section 5.2(d)** shall be reduced by the amount of moneys available for such payment described in **Section 2.6(g)(i)** of the Indenture; and provided, further, that the obligation of the Company to make any payment under this **Section 5.2(d)** shall be deemed to be satisfied and discharged to the extent of the corresponding payment made by the Credit Issuer under the Credit Facility.

(e) In the event the Company shall fail to make any of the payments required in this **Section 5.2**, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid.

Section 5.3 Unconditional Obligations. The obligation of the Company to make the payments required by **Section 5.2** shall be absolute and unconditional. The Company shall pay all such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Company may have or assert against the Issuer, the Trustee or any other Person.

Section 5.4 Prepayments. The Company may prepay all or any part of the amounts required to be paid by it under **Section 5.2**, at the times and in the amounts provided in **Article XI** for redemption of the Bonds, and in the case of mandatory redemptions of the Bonds, the Company shall cause to be furnished to the Issuer such amounts on or prior to the applicable redemption dates. Prepayment of amounts due hereunder pursuant to this **Section 5.4** shall be deposited in the Bond Fund.

Section 5.5 Credits Against Payments. To the extent that principal of, Purchase Price, premium, if any, or interest on the Bonds shall be paid with moneys available under the Credit Facility, from remarketing proceeds (with respect to Purchase Price) or other sources available under the Indenture, the obligation of the Company to make payments required by **Section 5.2** shall be satisfied and discharged to the extent of the principal of, Purchase Price, premium, if any, or interest on the Bonds so paid. If the principal of, premium, if any, and interest on the Bonds shall have been paid sufficiently that payment of the Bonds shall have occurred in accordance with **Article V** of the Indenture, then the obligations of the Company pursuant to **Section 5.2**, *ipso facto*, shall be deemed to have been paid in full, and the Company's obligations under **Section 5.2** and this Agreement shall be discharged.

Section 5.6 Credit Facility and Alternate Credit Facility. The Company shall provide for the payment of amounts payable pursuant to **Section 5.2(a)** and **(d)** herein, by the delivery to the Trustee on the Issue Date of the Original Credit Facility. The Company shall be entitled to terminate the Credit Facility as provided therein and in the Indenture and shall be entitled to provide an Alternate Credit Facility under certain circumstances as provided in the Indenture.

Section 5.7 **Interest Rate Determination Method**. The Company is hereby granted the right to designate from time to time changes in the Interest Rate Determination Method (as defined in the Indenture) in the manner and to the extent set forth in Section 2.4 of the Indenture.

ARTICLE VI

MAINTENANCE AND TAXES

Section 6.1 **Company's Obligations to Maintain and Repair**. The Company agrees that during the term of this Agreement it will keep and maintain the Project Facilities in good condition, repair and working order, ordinary wear and tear excepted, at its own cost, and will make or cause to be made from time to time all repairs thereto (including external and structural repairs) and renewals and replacements thereto necessary for the operation thereof.

Section 6.2 **Taxes and Other Charges**. The Company will promptly pay and discharge or cause to be promptly paid and discharged, as the same become due, all taxes, assessments, governmental charges or levies and all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project Facilities imposed upon it or in respect of the Project Facilities before the same shall become in default, as well as all lawful claims which, if unpaid, might become a lien or charge upon such property and assets or any part thereof, except such that are contested in good faith by the Company for which the Company has maintained adequate reserves satisfactory to the Credit Issuer, or in the absence of any Credit Issuer, satisfactory to the Issuer and the Trustee.

ARTICLE VII

INSURANCE, EMINENT DOMAIN AND DAMAGE AND DESTRUCTION

Section 7.1 **Insurance**. The Company will during the term of this Agreement and at all times while any Bonds are outstanding continuously insure the Project Facilities against such risks as are customarily insured against by businesses of like size and type, paying as the same become due all premiums in respect thereof. In addition the Company shall comply, or cause compliance, with applicable worker's compensation laws of the Commonwealth.

Section 7.2 **Provisions Respecting Eminent Domain**. In case of a taking or proposed taking of all or any part of the Project Facilities or any right therein by Eminent Domain, the party hereto upon which notice of such taking is served shall give prompt written notice to the other party and to the Trustee. Each such notice shall describe generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 7.3 **Damage and Destruction**. If at any time while any of the Bonds are Outstanding, the Project Facilities, or any portion thereof, shall be damaged or destroyed by fire, flood, windstorm or other casualty, or title to, or the temporary use of, the Project Facilities, or any portion thereof, shall have been taken by the power of Eminent Domain, the Company (unless it shall have exercised its option to prepay all of the Bonds) shall cause the Net Proceeds from insurance or condemnation or an amount equal thereto to be used for the repair, reconstruction, restoration or improvement of the Project Facilities. In case of any damage to or

destruction of all or any part of the Project Facilities exceeding \$50,000, the Company shall give prompt written notice thereof to the Issuer and the Trustee. Notwithstanding the above, so long as the Credit Facility is outstanding, the Company shall comply with the terms of the Credit Agreement related to the use of insurance or condemnation proceeds.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1 **Access to the Property and Inspection.** The Issuer and the Trustee, and their respective agents and employees, shall have the right, at all reasonable times during normal business hours of the Company upon the furnishing of reasonable notice to the Company under the circumstances, to enter upon and examine and inspect the Project Facilities and to examine and copy the books and records of the Company insofar as such books and records relate to the Project or the Bond Documents.

Section 8.2 **Financial Statements.** The Company shall, upon request, deliver to the Credit Issuer, the Trustee and the Issuer as soon as practicable and in any event within 120 days after the end of each fiscal year of the Company, the financial reports of the Company for such fiscal year.

Section 8.3 **Further Assurances and Corrective Instruments.**

(a) Subject to the provisions of the Indenture, the Issuer and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Agreement or the transactions contemplated hereby.

(b) The Company shall cause this Agreement and all necessary UCC financing statements (including continuation statements) to be recorded and filed in such manner and in such places as may be required by law to fully preserve and protect the security of the Holders and the rights of the Trustee and to perfect the security interest created by the Indenture.

Section 8.4 **Recording and Filing; Other Instruments.**

(a) The Company covenants that it will cause continuation statements to be filed as required by law in order fully to preserve and to protect the rights of the Trustee or the Issuer in the assignment of certain rights of the Issuer under this Agreement and otherwise under the Indenture.

(b) The Company and the Issuer shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable in order to enable the Company to fulfill its obligations as provided in Section 8.4(a). The Company shall file and re-file and record and re-record or shall cause to be filed and re-filed and recorded and re-recorded all instruments required to be filed and re-filed and recorded or re-recorded and shall continue or

cause to be continued the liens of such instruments for so long as any of the Bonds shall be Outstanding.

Section 8.5 **Exclusion from Gross Income for Federal Income Tax Purposes of Interest on the Bonds**. The Company covenants and agrees that it has not taken and will not take or cause to be taken, and has not omitted and will not omit or cause to be omitted, any action which will result in interest paid on the Bonds being included in gross income of the Holders of the Bonds for the purposes of federal income taxation.

The Company covenants and agrees that it will take or cause to be taken all required actions necessary to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds; and the Issuer covenants and agrees that it will take or cause to be taken all required actions to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 8.6 **Indemnity Against Claims**. The Company will pay and discharge and will indemnify and hold harmless the Issuer and the Trustee, and their respective directors, officers, employees and agents, from any taxes, assessments, impositions and other charges in respect of the Project Facilities. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Issuer or the Trustee, as the case may be, will give prompt written notice to the Company; provided, however, that the failure to provide such notice will not relieve the Company of the Company's obligations and liability under this Section 8.6 and will not give rise to any claim against or liability of the Issuer or the Trustee. The Company shall have the sole right and duty to assume, and shall assume, the defense thereof, with counsel acceptable to the person on behalf of which the Company undertakes a defense, with full power to litigate, compromise or settle the same in its sole discretion.

Section 8.7 **Release and Indemnification**. The Company shall at all times protect, indemnify and hold the Issuer, the Governing Body and the Trustee, and their respective members, directors, officers, employees, attorneys and agents, harmless against any and all liability, losses, damages, costs, expenses, taxes, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with the Project Facilities or the financing of the Project, including, without limitation, all claims or liability resulting from, arising out of or in connection with the acceptance or administration of the Bond Documents or the trusts thereunder or the performance of duties under the Bond Documents or any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, including without limitation any lease thereof or assignment of its interest in this Agreement, such indemnification to include the reasonable costs and expenses of defending itself or investigating any claim of liability and other reasonable expenses and attorneys' fees incurred by the Issuer, the Governing Body and the Trustee, and their respective members, directors, officers, employees, attorneys and agents, in connection therewith, provided that the benefits of this Section 8.7 shall not inure to any person other than the Issuer, the Governing Body, the Trustee, their respective members, directors, officers, employees, attorneys and agents, and provided further that such loss, damage, death, injury, claims, demands or causes shall not have resulted from the gross negligence or willful misconduct of, the Issuer, the Governing Body, the Trustee or such members, directors, officers,

employees, attorneys and agents. The obligations of the Company under this **Section 8.7** shall survive the termination of this Agreement and the Indenture. Notwithstanding any other provision of this Agreement or the Indenture to the contrary, the Company agrees (i) not to assert any claim or institute any action or suit against the Trustee or its employees arising from or in connection with any investment of funds made by the Trustee in good faith as directed by a Company Representative, and (ii) to indemnify and hold the Trustee and its employees harmless against any liability, losses, damages, costs, expenses, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any such investment.

Section 8.8 Compliance with Laws. The Company agrees to comply with all applicable zoning, planning, building, environmental and other regulations of the governmental authorities having jurisdiction over the Project Facilities during the Company's operation of the Project Facilities.

Section 8.9 Non-Arbitrage Covenant.

(a) The Company and the Issuer covenant that they will (i) not take, or fail to take, any action or make any investment or use of the proceeds of the Bonds that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and (ii) comply with the requirements of Section 148 of the Code.

(b) In the event that all of the proceeds of the Bonds, including the investment proceeds thereof, are not expended by the date which is six (6) months following the Issue Date, or if for any other reason a rebate is payable to the United States pursuant to Section 148 of the Code, the Company shall calculate, or cause to be calculated, the Rebate Amount. The Company agrees to pay the amount so calculated, together with supporting documentation, to the Trustee so as to permit the Trustee to pay such rebate to the United States at the times required by the Code. The amount paid by the Company to the Trustee shall be deposited into the Rebate Fund. The Company shall maintain or cause to be maintained records of the determinations of the rebate, if any, pursuant to this **Section 8.9(b)** until six (6) years after the retirement of the Bonds. This **Section 8.9(b)** shall be construed in accordance with Section 148(f) of the Code, including, without limitation, any applicable tax regulations promulgated under the Code. Nothing contained in this Agreement or in the Indenture shall be interpreted or construed to require the Issuer to pay any applicable rebate, such obligation being the sole responsibility of the Company. The Company shall pay all fees, costs and expenses associated with calculation of the Rebate Amount and upon request from the Issuer provide the Issuer with a copy of such calculation.

Section 8.10 Notice of Determination of Taxability. Promptly after the Company first becomes aware of any Determination of Taxability or an event that could trigger a Determination of Taxability, the Company shall give written notice thereof to the Issuer, the Remarketing Agent and the Trustee.

Section 8.11 No Purchase of Bonds by Company or Issuer. During the time a Credit Facility is in effect none of the Company, the Issuer or any affiliates of any of them shall purchase any of the Bonds from the Remarketing Agent except under the circumstances under which the Remarketing Agent may remarket Bonds to the Company or the Issuer as provided in **Section 2.7(d)** of the Indenture.

Section 8.12 **Maintenance of Corporate Existence.** So long as a Credit Facility is in effect the Company agrees that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it, except either with the consent of the Credit Issuer or as provided in the Credit Agreement; if a Credit Facility is not in effect, the Company agrees that it will continue to be a not-for-profit corporation organized under the laws of the Commonwealth and duly qualified to do business as a foreign corporation in the State of Florida, will maintain its existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another Person or permit one or more Persons to consolidate with or merge into it; provided, that the Company may, without violating the foregoing, consolidate with or merge into another Person, or permit one or more Persons to consolidate with or merge into it, or transfer all or substantially all of its assets to another such Person (and thereafter dissolve or not dissolve, as the Company may elect) if the Person surviving such merger or resulting from such consolidation, or the Person to which all or substantially all of the assets of the Company are transferred, as the case may be:

(i) is a not-for-profit corporation organized under the laws of the United States of America, or any state, district or territory thereof, and qualified to do business in the Commonwealth;

(ii) shall expressly in writing assume all of the obligations of the Company contained in this Agreement;

(iii) has a consolidated tangible net worth (after giving effect to such consolidation, merger or transfer) of not less than the consolidated tangible net worth of the Company and its consolidated subsidiaries immediately prior to such consolidation, merger or transfer; and

(iv) provided that no Event of Default has occurred and is continuing hereunder.

The term "consolidated tangible net worth," as used in this Section, shall mean the difference obtained by subtracting total consolidated liabilities (not including as a liability any capital or surplus item) from total consolidated tangible assets of the Company and all of its consolidated subsidiaries, computed in accordance with generally accepted accounting principles. Prior to any such consolidation, merger or transfer the Trustee shall be furnished a certificate from the chief financial officer of the Company or his/her deputy stating that in the opinion of such officer none of the covenants in this Agreement will be violated as a result of said consolidation, merger or transfer.

Section 8.13 **Company Approval of Indenture.** The Company understands that the Issuer will, pursuant to the Indenture and as security for the payment of the principal of, premium, if any, and the interest on the Bonds, assign and pledge to the Trustee, and create a security interest in favor of the Trustee in certain of its rights, title and interest in and to this Agreement (including all payments hereunder) reserving, however, the Reserved Rights; and the Company hereby agrees and consents to such assignment and pledge. The Company acknowledges that it has received a copy of the Indenture for its examination and review. By its

execution of this Agreement, the Company acknowledges that it has approved, has agreed to and is bound by the provisions of the Indenture. The Company agrees that the Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it notwithstanding the fact that it is not a signatory hereto.

Section 8.14 **Duties and Obligations**. The Company covenants and agrees that it will fully and faithfully perform all the duties and obligations that the Issuer has covenanted and agreed in the Indenture to cause the Company to perform and any duties and obligations that the Company is required in the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer that by its nature cannot be delegated or assigned.

Section 8.15 **Notice of Certain Acquisitions of Control**. The Company hereby covenants to provide or cause to be provided written notice to the Trustee, the Remarketing Agent, and the Holders 30 days prior, where reasonable, and not more than 30 days subsequent to the consummation of any transaction that would result in the Company controlling or being controlled by the Credit Issuer. The Company acknowledges that the foregoing sentence supersedes any exemptions from the continuing disclosure requirement pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934.

ARTICLE IX

ASSIGNMENT, LEASE AND SALE

Section 9.1 **Restrictions on Transfer of Issuer's Rights**. The Issuer agrees that, except for the assignment of certain of its rights, title and interests under this Agreement to the Trustee pursuant to the Indenture, it will not during the term of this Agreement sell, assign, transfer or convey its rights, title and interests in this Agreement except as provided in **Section 9.2**.

Section 9.2 **Assignment by the Issuer**. It is understood, agreed and acknowledged that the Issuer, as security for payment of the principal of and premium, if any, and interest on the Bonds, will assign to the Trustee pursuant to the Indenture, among other things, certain of its rights, title and interests in and to this Agreement and the Note (reserving its rights, however, pursuant to sections of this Agreement providing that notices, reports and other statements be given to the Issuer and that consents be obtained from the Issuer and also reserving its rights to reimbursement and payment of costs and expenses under **Sections 5.2(b) and (c)**, its right of access under **Section 8.1**, and its rights to indemnification and non-liability under **Sections 8.6, 8.7, 12.6 and 12.7**, all of this Agreement). The Company consents to such assignment and agrees that the Trustee shall be entitled to enforce this Agreement directly against the Company as a third party beneficiary hereof.

Section 9.3 **Assignment of Agreement by the Company or Lease or Sale of Project Facilities**. With the prior written consent of the Issuer, the Trustee and the Credit Issuer, if any, (a) all or a portion of the rights, duties and obligations of the Company under this Agreement may be assigned by the Company and (b) the Project Facilities may be leased or sold as a whole or in part by the Company. Upon the assignment of all of the Company's rights, duties and obligations under this Agreement or the lease or sale of the Project Facilities as a whole, the Trustee may execute a release of the Company from its obligations hereunder and under the Note

and all references to the "Company" in this Agreement, the Note, the Indenture and the Bonds shall mean the assignee, lessee or purchaser if (i) such assignee, lessee or purchaser assumes the Company's obligations hereunder and under the Note in writing, (ii) the release of the Company from its obligations hereunder and under the Note will not cause interest on the Bonds to be includable in the gross income of the Holders thereof for purposes of federal income taxation, and (iii) the Credit Issuer consents in writing to such release (or if no Credit Facility is in effect at the time of such assignment, lease or sale, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such release). Prior to any assignment, lease or sale pursuant to this Section, the Company shall have caused to be delivered to the Issuer, the Trustee and the Credit Issuer, if any, an opinion of Bond Counsel, satisfactory in form and substance to each of them, to the effect that such assignment, lease or sale (and release, if applicable) will not cause interest on the Bonds to be includable in the gross income of the Holders thereof for purposes of federal income taxation.

Section 9.4 **Assumption of Agreement by Purchaser of Project Facilities Upon Foreclosure**. With the prior written consent of the Issuer and the Trustee, any Person who purchases the Project Facilities upon foreclosure by the Credit Issuer may assume the Company's rights, duties and obligations hereunder and under the Note by delivering to the Issuer and the Trustee, (a) a written assumption of such rights, duties and obligations satisfactory in form and substance to the Issuer and the Trustee, and (b) an opinion of Bond Counsel, satisfactory in form and substance to the Issuer and the Trustee, to the effect that such assumption will not cause interest on the Bonds to be includable in the gross income of the Holders thereof for purposes of federal income taxation. From and after the date of such assumption, the Company shall be deemed to be released from its rights, duties and obligations hereunder and under the Note and all references to the "Company" in this Agreement, the Note, the Indenture and the Bonds shall mean the Person who purchased the Project Facilities upon foreclosure.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 **Events of Default Defined**. The term "Event of Default" shall mean any one or more of the following events:

- (a) Failure by the Company to make any payments required to be paid pursuant to **Section 5.2(a)** or to pay the Purchase Price of Bonds as required pursuant to **Section 5.2(d)** herein;
- (b) The occurrence of an Event of Default under the Indenture;
- (c) Any representation by or on behalf of the Company contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or the Indenture proves false or misleading in any material respect as of the date of the making or furnishing thereof;

(d) Failure by the Company to observe or perform any of its other covenants, conditions, payments or agreements under this Agreement for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Company by the Issuer or the Trustee;

(e) The Company shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, assignee, sequestrator, trustee, liquidator or similar official of the Company or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other federal or state law relating to bankruptcy, insolvency, reorganization, arrangement, winding-up or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Company in an involuntary case under the Bankruptcy Code, or (vii) take any corporate action for the purpose of effecting any of the foregoing; or

(f) A proceeding or case shall be commenced, without the application or consent of the Company, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, arrangement, dissolution, winding-up or composition or adjustment of debts of the Company, (ii) the appointment of a trustee, receiver, custodian, assignee, sequestrator, liquidator or similar official of the Company or of all or any substantial part of its assets, or (iii) similar relief in respect of the Company under any law relating to bankruptcy, insolvency, reorganization, arrangement, winding-up or composition or adjustment of debts and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 days from the commencement of such proceeding or case or the date of such order, judgment or decree, or an order for relief against the Company shall be entered in an involuntary case under the Bankruptcy Code.

Section 10.2 Remedies on Default. Upon the occurrence of an Event of Default under this Agreement, the Trustee, as assignee of the Issuer, but only if acceleration of the principal amount of the Bonds has been declared pursuant to **Section 6.2** of the Indenture, shall take any one or more of the following remedial steps:

(a) By written notice declare all payments hereunder and under the Note immediately due and payable, whereupon the same shall become immediately due and payable without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Company.

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts payable pursuant hereto and under the Note then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Company under this Agreement, including the making of any drawing under the Credit Facility.

In the enforcement of the remedies provided in this Section 10.2, the Issuer and the Trustee may treat all reasonable expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Company then due and owing.

Section 10.3 **Application of Amounts Realized in Enforcement of Remedies.** Any amounts collected pursuant to action taken under Section 10.2 shall be paid to the Trustee and applied in accordance with Section 6.7 of the Indenture.

Section 10.4 **No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon an Event of Default under this Agreement shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 10.5 **Agreement to Pay Attorneys' Fees and Expenses.** Upon the occurrence of an Event of Default under this Agreement, if the Issuer or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or for the enforcement of the performance or observance of any covenants or agreements on the part of the Company herein contained, whether or not suit is commenced, the Company agrees that it will on demand therefor pay to the Issuer or the Trustee or any combination thereof, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee.

Section 10.6 **Issuer and Company to Give Notice of Default.** The Issuer and the Company severally covenant that they will, at the expense of the Company, promptly give to the Trustee, the Remarketing Agent, the Paying Agent and the Credit Issuer, and to each other, written notice of any Event of Default under this Agreement of which they shall have actual knowledge or written notice, but the Issuer shall not be liable for failing to give such notice.

ARTICLE XI

PREPAYMENTS; PURCHASE OF BONDS

Section 11.1 **Optional Prepayments.**

(a) The Company shall have, and is hereby granted, the option to prepay the unpaid principal amount hereunder and under the Note in whole, together with interest thereon to the date of redemption of the Bonds, at any time by taking, or causing the Issuer to take, the actions required by the Indenture for the redemption of all Bonds then outstanding, upon the occurrence of any of the events set forth in Section 2.18(b) of the Indenture.

(b) The Company shall have, and is hereby granted, the option to prepay all or any portion of the unpaid balance hereunder and under the Note, together with interest thereon to the date of redemption of the Bonds, at any time by taking, or causing the Issuer to take, the actions

required by the Indenture (i) to discharge the lien thereof through the redemption, or provision for payment of redemption of all Bonds then outstanding or (ii) to effect the redemption, or provision for payment or redemption, of less than all Bonds then outstanding, pursuant to **Section 2.18(a)** of the Indenture.

(c) To make a prepayment pursuant to this **Section 11.1**, the Company shall give written notice not less than 45 days from the date any Bonds are to be redeemed from such prepayment to the Issuer, the Trustee and the Registrar, which shall specify therein the principal amount to be prepaid and the date or dates on which the prepayment is to occur. All such prepayments shall be in the amount of the unpaid amount hereunder and under the Note if made pursuant to **Section 11.1(a)** or in the amount of an Authorized Denomination if made pursuant to **Section 11.1(b)** and the Company shall furnish additional funds, if necessary, to make such prepayments in such amounts. In addition, the Company shall make such additional payments as shall be necessary to pay any redemption premium on the Bonds in connection with such redemption.

Section 11.2 Mandatory Prepayment Upon a Determination of Taxability. In the event of a Determination of Taxability, the Company shall forthwith, and in any event within 45 days of any such Determination of Taxability, pay the entire unpaid principal balance hereunder and under the Note plus accrued interest thereon to the date of payment, provided, that, if the Company delivers to the Trustee the opinion of Bond Counsel described in **Section 2.18(c)** of the Indenture, which opinion states that interest on the Bonds will not be includable in the gross income of the owners thereof if less than all of the Bonds are redeemed, then the Company shall prepay the unpaid balance hereunder and under the Note in the amount necessary to redeem the amount of Bonds stated in such opinion.

The Company hereby agrees to give prompt written notice to the Issuer and the Trustee of (a) the occurrence of an event that gives or may give rise to a Determination of Taxability or (b) its receipt of any oral or written advice from the Internal Revenue Service that an event giving rise to a Determination of Taxability shall have occurred.

Section 11.3 Optional Purchase of Bonds. Subject to the terms of the Indenture regarding the use of Eligible Funds, the Company may at any time, and from time to time, furnish moneys to the Remarketing Agent accompanied by a notice directing such moneys to be applied to the purchase of Bonds delivered for purchase pursuant to the terms thereof, which Bonds shall be delivered to the Trustee for cancellation or for registration of transfer to the Company in accordance with **Section 2.8** of the Indenture. The Company shall deliver to the Credit Issuer a copy of any such notice.

Section 11.4 Relative Priorities. The obligations of the Company under Section 11.2 shall be and remain superior to the rights, obligations and options of the Company under Section 11.1.

Section 11.5 Prepayment to Include Fees and Expenses. Any prepayment under this Article shall also include any expenses of prepayment, as well as all expenses and costs provided for herein.

Section 11.6 Purchase of Bonds.

(a) In consideration of the issuance of the Bonds by the Issuer, but for the benefit of the Holders, the Company has agreed, and does hereby covenant, to cause the necessary arrangements to be made and to be thereafter continued whereby the Holders from time to time may deliver, or may be required to deliver Bonds for purchase and whereby such Bonds shall be so purchased. In furtherance of the foregoing covenant of the Company, the Issuer, at the request of the Company, has set forth in the Bonds the terms and conditions relating to the delivery of Bonds by the Holders thereof for purchase, has set forth in the Indenture the duties and responsibilities of the Remarketing Agent with respect to the purchase and remarketing of Bonds and has therein provided for the appointment of the Remarketing Agent. The Company hereby authorizes and directs the Remarketing Agent to purchase, offer, sell and deliver Bonds in accordance with the provisions of the Indenture.

Without limiting the generality of the foregoing covenant of the Company, and in consideration of the Issuer's having set forth in the Bonds and the Indenture the aforesaid provisions, the Company covenants, for the benefit of the Holders, to provide for arrangements to pay, or cause to be paid, such amounts as shall be necessary to effect the payment of the Purchase Price of Bonds delivered for purchase, all as more particularly described in the Indenture.

(b) Notwithstanding the provisions of **Section 11.6(a)**, the obligations of the Company under **Section 11.6(a)** with respect to the purchase of Bonds shall be terminated on the date the Bonds begin to bear interest at the Fixed Rate in accordance with the Indenture.

(c) In furtherance of the obligations of the Company under **Section 11.6(a)**, the Company shall provide for the payment of its obligations under such **Section 11.6(a)** by the delivery of the Original Credit Facility simultaneously with the original delivery of the Bonds. In order to implement such undertaking of the Company, the Issuer, at the direction of the Company, has set forth in the Indenture the terms and conditions relating to drawings under the Credit Facility to provide moneys for the purchase of Bonds. The Company hereby authorizes and directs the Trustee to draw moneys under the Credit Facility in accordance with the provisions of the Indenture to the extent necessary to provide moneys payable under **Section 2.7** of the Indenture if and when due.

(d) The Issuer shall have no obligation or responsibility, financial or otherwise, with respect to the purchase of Bonds or the making or continuation of arrangements therefor other than as expressly set forth in **Section 11.6(a)**, except that the Issuer shall generally cooperate with the Company and the Remarketing Agent as contemplated in **Section 2.7** of the Indenture.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Amounts Remaining in Funds. Subject to the provisions of **Article V** of the Indenture and as provided in **Article IV** of the Indenture, it is agreed by the parties hereto that amounts remaining in the Bond Fund, Project Fund or Bond Purchase Fund upon expiration

or earlier termination of this Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all other amounts owing under the Indenture, shall be paid to the Credit Issuer (if a Credit Facility is in effect and there is any amount then owing by the Company to the Credit Issuer) and otherwise shall belong to and be paid to the Company by the Trustee.

Section 12.2 **No Implied Waiver.** In the event any provision of this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder or hereunder.

Section 12.3 **Issuer Representative.** Whenever under the provisions of this Agreement the approval of the Issuer is required or the Issuer is required to take some action at the request of the Company, such approval shall be made or such action shall be taken by the Issuer Representative; and the Company and the Trustee shall be authorized to rely on any such approval or action.

Section 12.4 **Company Representative.** Whenever under the provisions of this Agreement the approval of the Company is required or the Company is required to take some action at the request of the Issuer, such approval shall be made or such action shall be taken by the Company Representative; and the Issuer, the Remarketing Agent, the Paying Agent and the Trustee shall be authorized to rely on any such approval or action.

Section 12.5 **Notices.** Notice under this Agreement shall be given in accordance with Section 9.4 of the Indenture.

Section 12.6 **Issuer, Governing Body, Members, Commissioners, Directors, Officers, Agents, Attorneys and Employees of Issuer and Governing Body Not Liable.** To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against the Issuer, the Governing Body, any member, commissioner, director, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer, the Governing Body, or of any successor entity, either directly or through the Issuer, the Governing Body or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any member, commissioner, director, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer, the Governing Body, or of any successor entity, either directly or through the Issuer, the Governing Body or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Company, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such member, commissioner, director, officer, agent, attorney or employee is, by the execution of this Agreement and as a condition of, and as part of the consideration for, the execution of this Agreement, expressly waived and released.

Notwithstanding any other provision of this Agreement, the Issuer shall not be liable to the Company or the Trustee or any other person for any failure of the Issuer to take action under this Agreement unless the Issuer (a) is requested in writing by an appropriate person to take such action, (b) is assured of payment of, or reimbursement for, any reasonable expenses in such action, and (c) is afforded, under the existing circumstances, a reasonable period to take such action. In acting under this Agreement, or in refraining from acting under this Agreement, the Issuer may conclusively rely on the advice of its counsel.

Section 12.7 **No Liability of Issuer; No Charge Against Issuer's Credit.** Any obligation of the Issuer created by, arising out of, or entered into in contemplation of this Agreement, including the Bonds, shall not impose a debt or pecuniary liability upon the Issuer, the State of Florida or any political subdivision thereof or constitute a charge upon the general credit or taxing powers of any of the foregoing. Any such obligation shall be payable solely out of the revenues and any other moneys derived hereunder and under the Indenture and the Credit Facility, except (as provided in the Indenture and in this Agreement) to the extent it shall be paid out of moneys attributable to the proceeds of the Bonds or the income from the temporary investment thereof.

The principal of, premium, if any, and interest on the Bonds shall be payable solely from the funds pledged for their payment in accordance with the Indenture and from payments made pursuant to the Credit Facility.

Section 12.8 **If Performance Date Not a Business Day.** If the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day.

Section 12.9 **Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company, and their respective successors and assigns. No assignment of this Agreement by the Company shall relieve the Company of its obligations hereunder, except in accordance with Sections 9.3 and 9.4.

Section 12.10 **Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.11 **Amendments, Changes and Modifications.** Subsequent to the issuance of the Bonds and prior to payment of the Bonds, this Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the Indenture.

Section 12.12 **Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which, taken together, shall be an original and all of which shall constitute but one and the same instrument.

Section 12.13 **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be executed in their respective legal names and their respective seals to be hereunto affixed, and the signatures of duly authorized persons to be attested, all as of the date first above written.

ATTEST:

PALM BEACH COUNTY, FLORIDA

Sharon R. Bock, Clerk & Comptroller

By: _____
Addie L. Greene, Chairperson
Board of County Commissioners

By: _____
Deputy Clerk

[SEAL]

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY

County Attorney

CARON FOUNDATION OF FLORIDA, INC.,
a Pennsylvania not-for-profit corporation

By: _____
Name: Andrew J. Rothermel
Title: Chief Financial Officer

[SEAL]

EXHIBIT A

\$ _____

Requisition No. _____
Bond CUSIP No. _____

REQUISITION AND CERTIFICATE

_____, 2007

Manufacturers and Traders Trust Company
213 Market Street
Mail Code 001-02-11
Harrisburg, Pennsylvania 17101
Attention: Corporate Trust Department

Ladies and Gentlemen:

On behalf of Caron Foundation of Florida, Inc. (the "Company"), I hereby requisition from the funds representing the proceeds of the sale of the Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007, issued by Palm Beach County, Florida (the "Issuer"), and dated September __, 2007 (the "Bonds"), which funds are held by you in Palm Beach County, Florida Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 Project Fund in accordance with the Indenture of Trust, dated as of September 1, 2007 (the "Indenture"), from the Issuer to you the sum of \$ _____ to be paid to the person or persons indicated below:

- (1) \$ _____ for _____
_____ payable to _____
and
(2) \$ _____ for _____
_____ payable to _____

I hereby certify that (a) the obligation to make such payment was incurred by the Issuer or the Company in connection with the Acquisition (as defined in the Loan Agreement, of even date with the Indenture, between the Issuer and the Company, hereinafter referred to as the "Agreement") of the Project (referred to in the Agreement), is a proper charge against the Costs of the Project (as defined in the Agreement), and has not been the basis for any prior requisition which has been paid; (b) neither the Company nor, to the best of the Company's knowledge, the Issuer has received written notice of any lien, right to lien or attachment upon, or claim affecting the right of such payee to receive payment of, any of the money payable under this requisition to any of the persons, firms or corporations named herein, or if any notice of any such lien, attachment or claim has been received such lien, attachment or claim has been released or

discharged or will be released or discharged upon payment of this requisition; (c) this requisition contains no items representing payment on account of any retained percentages which the Issuer or the Company is entitled to retain at this date; (d) the payment of this requisition will not result in less than substantially all (95% or more) of the proceeds of the Bonds to be expended under this requisition and under all prior requisitions having been used for the acquisition and installation of real property or property of a character subject to the allowance for depreciation under the Internal Revenue Code of 1986, as amended; and (e) no "Event of Default" (as defined in the Agreement), or event which after notice or lapse of time or both would constitute such an "Event of Default" has occurred and not been waived.

The following paragraph is to be completed when any requisition and certificate includes any item for payment for labor or to contractors, builders or materialmen.

I hereby certify that insofar as the amount covered by the above requisition includes payments to be made for labor or to contractors, builders or materialmen, including materials or supplies, in connection with the Acquisition of the Project, (i) all obligations to make such payment have been properly incurred, (ii) any such labor was actually performed and any such materials or supplies were actually furnished or installed in or about the Project Facilities and are a proper charge against the Costs of the Project, and (iii) such materials or supplies either are not subject to any lien or security interest or, if the same are so subject, such lien or security interest will be released or discharged upon payment of this requisition.

Company Representative

Approved:

WACHOVIA BANK, NATIONAL ASSOCIATION, as Credit Issuer

By: _____
Name:
Title:

EXHIBIT B

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE TRUSTEE IN ACCORDANCE WITH THE INDENTURE, BOTH REFERRED TO HEREIN.

\$ _____

September __, 2007

PROMISSORY NOTE

FOR VALUE RECEIVED, Caron Foundation of Florida, Inc., a not-for-profit corporation duly formed and existing under the laws of the Commonwealth of Pennsylvania (the "Company"), by this promissory note hereby promises to pay to the order of Palm Beach County, Florida (the "Issuer") the principal sum of _____ Million _____ Hundred Thousand Dollars (\$ _____), together with interest on the unpaid principal amount hereof, from the Issue Date (as defined in the Indenture referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined), premium, if any, on the Bonds and Purchase Price (as defined in the Indenture). All such payments of principal, interest, premium and Purchase Price shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the principal corporate trust office of Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, or its successor as trustee under the Indenture.

The principal amount, interest, premium, if any, and Purchase Price shall be payable on the dates and in the amount, that principal of, interest on the Bonds, premium, if any, and Purchase Price are payable, subject to prepayment as hereinafter provided.

The Company shall receive a credit for the amounts due and payable hereunder to the extent that payments are made by the Credit Issuer (as defined in the Indenture) pursuant to drawings under the Credit Facility (as defined in the Indenture) and, with respect to Purchase Price, to the extent that remarketing proceeds are available therefor as provided in the Indenture.

This promissory note is the "Note" referred to in the Loan Agreement, dated as of September 1, 2007 (the "Agreement") between the Company and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to Manufacturers and Traders Trust Company under the Indenture of Trust, dated as of September 1, 2007 (the "Indenture"), by and between the Issuer and Manufacturers and Traders Trust Company, as Trustee, and such payments will be made directly to the Trustee for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of \$ _____ in aggregate principal amount of Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds"), issued by the Issuer pursuant to the Indenture. All the terms, conditions and provisions of the Indenture and the Bonds are hereby incorporated as a part of this Note.

The Company may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amount due on this Note, as provided in the Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Company.

The Company hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note.

This Note shall be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania.

**CARON FOUNDATION OF FLORIDA, INC.,
a Pennsylvania not-for-profit corporation**

[SEAL]

By: _____
Name: Andrew J. Rothermel
Title: Chief Financial Officer

ENDORSEMENT

Pay to the order of Manufacturers and Traders Trust Company, without recourse, as Trustee under the Indenture referred to in the within mentioned Agreement, as security for such Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

PALM BEACH COUNTY, FLORIDA

By: _____

Name:

Title:

Dated: September __, 2007

Error! Unknown document property name.

Error! Unknown document property name.

EXHIBIT "C"

BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

September 26, 2007

PALM BEACH COUNTY, FLORIDA

CARON FOUNDATION OF FLORIDA, INC.

Re: \$9,500,000.00 Palm Beach County, Florida Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007

Ladies and Gentlemen:

The undersigned, Wachovia Bank, National Association (in such capacity, the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with Palm Beach County, Florida (the "Issuer") and Caron Foundation of Florida, Inc., a Pennsylvania not-for-profit corporation (the "Company") and Richard J. Caron Foundation, a Pennsylvania not-for-profit corporation (the "Guarantor"), for the purchase by the Underwriter and sale by the Issuer of \$9,500,000.00 aggregate principal amount of the Issuer's Tax-Exempt Adjustable Mode Revenue Bonds (Caron Foundation of Florida, Inc. Project) Series 2007 (the "Bonds"). This offer is made subject to the acceptance by the Issuer, the Company and the Guarantor prior to 5:00 p.m., Charlotte, North Carolina time, on the date hereof, and upon such acceptance this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Company, the Guarantor and the Underwriter.

Section 1. Purchase Price. Upon the terms and conditions and based on the representations, warranties and covenants of the Issuer and the Company hereinafter set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all, but not less than all, of the Bonds at an aggregate purchase price of \$9,381,250.00, (par value of \$9,500,000.00 less Underwriter's discount of \$118,750.00). The Bonds are to be dated the date of delivery thereof, and are to mature, be subject to redemption prior to maturity and bear interest as set forth in the Official Statement (as defined in **Section 2**).

Section 2. Bond Documents. The Bonds shall be as described in, and shall be issued and secured under and pursuant to, an Indenture of Trust dated as of September 1, 2007 (the "Indenture") between the Issuer and Manufacturer and Traders Trust Company, as trustee (the "Trustee"). The proceeds of the Bonds will be loaned by the Issuer to the Company pursuant to a Loan Agreement dated as of September 1, 2007 (the "Loan Agreement"), such loan to be evidenced by the Company's promissory note (the "Note"), and will be used for (A) the acquisition, construction, installation and furnishing of certain leasehold improvements to the apartment facilities known as Fairways on the Green located at 2101 Lawson Boulevard, Delray Beach, Florida; (B) the acquisition, build-out, installation and furnishing of an office and outpatient treatment facility known as Beacon Square located at 8051 Congress Avenue, Boca Raton, Florida; and (C) the payment of the costs and expenses of issuing the Bonds. The payment when due of the principal of, interest on and purchase price of the Bonds is to be secured, to the extent provided therein, by an irrevocable, direct-pay letter of credit (the "Letter

of Credit") issued by Wachovia Bank, National Association (in such capacity, the "Bank") pursuant to a Reimbursement and Security Agreement dated as of September 1, 2007 between the Company and the Bank (the "Reimbursement Agreement"). The payment and performance of the obligations of the Company under the Reimbursement Agreement will be guaranteed by the Guarantor pursuant to a Guaranty Agreement dated as of September 1, 2007 by the Guarantor in favor of Wachovia Bank, National Association (the "Guaranty Agreement"). The Company, the Guarantor and Wachovia Bank, National Association (in such capacity, the "Remarketing Agent") have entered into a Remarketing and Interest Services Agreement dated as of September 1, 2007 (the "Remarketing Agreement") pursuant to which the Remarketing Agent, after the initial sale of the Bonds, will determine the interest rate on the Bonds and will use its best efforts to remarket any Bonds tendered for purchase pursuant to the terms of the Indenture.

Promptly after the acceptance hereof by the Issuer, the Company and the Guarantor, and in any event no later than the Closing Date (as defined in **Section 6**), the Company, acting on behalf of the Issuer, shall deliver or cause to be delivered to the Underwriter, at such address as the Underwriter shall specify, two copies of the Official Statement to be dated September 26, 2007 relating to the Bonds (the "Official Statement"), with only such changes therein as shall have been accepted by the Underwriter, signed by an authorized officer of the Issuer and approved on behalf of the Company by an authorized officer of the Company, and as many additional copies of the Official Statement as the Underwriter shall reasonably request. The Issuer hereby agrees to supply the Company with such information at such times and to otherwise cooperate with the Company so that the Company can deliver those portions of the Official Statement which pertain to the Issuer in compliance with the preceding sentence.

Section 3. Representations, Warranties and Covenants of the Issuer. The Issuer makes the following representations, warranties and covenants, all of which shall survive delivery of the Bonds, and agrees with the Underwriter that:

(a) The Issuer is and will be at the Closing Date validly existing as a political subdivision of the State of Florida with the power and authority under the constitution and laws of the State of Florida to issue the Bonds and to execute, deliver and perform its obligations hereunder and under the Loan Agreement and the Indenture, to pledge the property described in the Indenture and to be pledged thereby in the manner and to the extent therein set forth; all actions required for the issuance of the Bonds and the execution and delivery of, and the performance of its obligations under, this Purchase Agreement and under the Loan Agreement, the Indenture and the Bonds have been, or as of the Closing Date will have been, duly and effectively taken; this Purchase Agreement has been and the Loan Agreement and the Indenture will, as of the Closing Date, have been duly executed, issued and delivered and, assuming the due authorization, execution and delivery by the other parties thereto are, or will, as of the Closing Date, be valid, binding and enforceable agreements of the Issuer, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally; the Official Statement will, as of the Closing Date, have been duly executed, and the Official Statement will, as of the Closing Date, have been duly delivered and its use by the Underwriter in connection with the sale of the Bonds shall have been authorized; and the Bonds

will, as of the Closing Date, have been duly authorized, executed, issued and delivered, and will constitute, legal, valid and binding limited obligations of the Issuer, enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(b) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Loan Agreement, this Purchase Agreement or the Official Statement or (ii) the tax-exempt status of interest on the Bonds.

(c) The execution and delivery by the Issuer of the Bonds, the Indenture, the Loan Agreement and this Purchase Agreement and the performance by the Issuer of its obligations thereunder (i) do not violate applicable provisions of the constitution, statutory laws or regulations of the State of Florida, (ii) do not violate its activating resolution or bylaws, (iii) do not breach or result in a default under any other agreement to which it is a party, and (iv) do not violate the terms of any judicial or administrative judgment, order, decree or arbitral decision that names the Issuer and is specifically directed to it or its properties, and no approval or other action by, or filing or registration with, any governmental authority or agency is required in connection therewith that has not been obtained or accomplished or will not be obtained or accomplished by the Closing Date (provided no representation or warranty is expressed as to any action required under federal or state securities or Blue Sky laws in connection with the sale of the Bonds by the Underwriter).

(d) The information relating to the Issuer contained in the Official Statement or incorporated by reference in the Official Statement or otherwise supplied in writing by the Issuer for inclusion therein does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Each of the representations of the Issuer contained in the Loan Agreement and in the Indenture are and will, as of the Closing Date, be true and correct in all material respects and are hereby made to the Underwriter as if set forth herein.

(f) The Issuer will not take or omit to take any action, which action or omission might in any way result in the inclusion of the interest on the Bonds in gross income of the owners thereof for federal income tax purposes.

(g) Any certificate signed by any officer or official of the Issuer and delivered to the Underwriter shall be deemed a representation and warranty by the Issuer as to the statements made therein.

(h) The Issuer is not in default in the payment of the principal of or interest on any of its other indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred and the Issuer has no knowledge that any event has occurred or is continuing that, with the lapse of time or the giving of notice, or both, would constitute an event of default under any such indebtedness or instrument.

Section 4. Representations, Warranties and Covenants of the Company. The Company makes the following representations, warranties and covenants, all of which shall survive delivery of the Bonds, and agrees with the Underwriter that:

(a) The Company is and will be on the Closing Date a duly organized and validly existing not-for-profit corporation in good standing under the laws of the Commonwealth of Pennsylvania, is qualified to do business and is in good standing under the laws of the Commonwealth of Pennsylvania and has full power and authority to own its properties and operate its business, as presently conducted; the Company has taken all necessary corporate action to authorize, execute and deliver this Purchase Agreement, and the Company has, or as of the Closing Date will have, taken all necessary corporate action to authorize, execute and deliver the Loan Agreement, the Note, the Remarketing Agreement, the Reimbursement Agreement, the Reimbursement Note (as defined in the Reimbursement Agreement) and the Security Documents (as defined in the Reimbursement Agreement) (this Purchase Agreement, the Loan Agreement, the Note, the Remarketing Agreement, the Reimbursement Agreement, the Reimbursement Note and the Security Documents being referred to hereinafter collectively as the "Company Documents"); the Company has approved the terms of the Indenture and has duly approved the Official Statement and the use thereof by the Underwriter and the Remarketing Agent in connection with the sale and remarketing of the Bonds; and this Purchase Agreement has been, and the other Company Documents will, as of the Closing Date, have been duly executed and delivered by the Company, and will constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and the application of general principles of equity.

(b) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Company, threatened against or affecting the Company wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition of the Company or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Company

Documents, the Bonds, the Indenture or the Official Statement or (ii) the tax-exempt status of interest on the Bonds.

(c) The execution and delivery by the Company of this Purchase Agreement and the other Company Documents and the performance by the Company of its obligations thereunder are within the corporate powers of the Company and (i) do not violate provisions of statutory laws or regulations applicable to the Company, (ii) do not violate its articles of incorporation or bylaws, (iii) do not breach or result in a default under any other agreement to which it is a party, and (iv) do not violate the terms of any judicial or administrative judgment, order, decree or arbitral decision that names the Company and is specifically directed to it or its properties, the breach, default or violation of which could have a material adverse effect on the business or financial condition of the Company, and no approval or other action by, or filing or registration with, any governmental authority or agency is required in connection therewith that has not been obtained or accomplished or will not be obtained or accomplished by the Closing Date (provided no representation or warranty is expressed as to any action required under federal or state securities or Blue Sky laws in connection with the sale of the Bonds by the Underwriter).

(d) The information relating to the Company and the Project (as defined in the Loan Agreement) contained or incorporated by reference in the Official Statement or otherwise supplied by the Company in writing for inclusion therein does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Each of the Company's representations and warranties contained in the Loan Agreement and the Reimbursement Agreement are and will, as of the Closing Date, be true and correct in all material respects and are hereby made to the Underwriter as if set forth herein.

(f) The Company will not take or omit to take any action, which action or omission might in any way result in the inclusion of interest on the Bonds in gross income of the owners thereof for federal income tax purposes.

(g) Any certificate signed by any officer of the Company and delivered to the Underwriter shall be deemed a representation and warranty by the Company as to the statements made therein.

(h) The Company is not in default in the payment of the principal of or interest on any other of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred and no event has occurred and is continuing that, with the lapse of time or the giving of notice or both, would constitute an event of default under any such instrument.

Section 5. Purchase of the Bonds.

(a) The Underwriter agrees to make an initial bona fide offering of all of the Bonds to investors that customarily purchase debt securities in large denominations at an offering price of 100% of the principal amount thereof. The Underwriter agrees to furnish prior to the delivery of the Bonds a certificate reasonably acceptable to Bond Counsel (as defined in **Section 5(b)(iv)(A)**) as to the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations promulgated thereunder.

(b) The Underwriter's obligations under this Purchase Agreement shall be conditioned upon the performance by the Issuer and the Company of their respective obligations to be performed hereunder and shall also be subject to the following additional conditions:

(i) the representations and warranties of the Issuer and the Company contained herein shall be true, complete and correct in all material respects on the date hereof and as of the Closing Date as if made on the Closing Date;

(ii) as of the Closing Date, (A) this Purchase Agreement, the other Company Documents, the Guaranty Agreement, the Official Statement, the Bonds, the Indenture and the Letter of Credit shall be in full force and effect and shall be in the forms previously furnished to the Underwriter except for such changes as may have been agreed to by the Underwriter, and (B) there shall be in full force and effect such ordinances and resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby;

(iii) none of the following shall have occurred between the date hereof and the Closing Date:

(A) legislation shall have been enacted by the Congress of the United States of America or the legislature of the State of Florida or shall have been reported out of committee of either body or be pending in a committee of either body, or shall have been recommended to the Congress of the United States of America or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the Commonwealth of Pennsylvania or the United States Tax Court, or a ruling shall

have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States or any branch thereof or the Internal Revenue Service, with respect to federal or the Commonwealth of Pennsylvania taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds, which in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds;

(B) there shall exist any event or condition that, in the reasonable judgment of the Underwriter, either (1) makes untrue or incorrect in any material respect as of such time any statement or information contained in the Official Statement or (2) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading;

(C) in the reasonable judgment of the Underwriter, the market price or marketability of the Bonds or the ability to enforce contracts for the sale of Bonds shall have been materially adversely affected by an amendment of or supplement to the Official Statement, notwithstanding the Underwriter's approval of such amendment or supplement prior to its distribution;

(D) there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis, the effect of such outbreak, escalation, calamity or crisis on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds;

(E) there shall be in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(F) a general banking moratorium shall have been established by either federal, North Carolina, Florida or New York authorities or any devaluation of the dollar shall have been proposed or effected by any governmental authority of the United States;

(G) there shall be any material adverse change in the affairs of the Issuer or the Company that, in the reasonable judgment of the Underwriter, affects materially and adversely the market price or the marketability of the Bonds;

(H) there shall be any material adverse change in the financial position of the Bank that, in the reasonable judgment of the Underwriter, affects materially and adversely the market price or the marketability of the Bonds;

(I) there shall be established any new material restriction on transactions in securities (including the imposition of any limitation on interest rates) or the sale of the Bonds by the Underwriter as contemplated by this Purchase Agreement;

(J) there shall occur a default with respect to the debt obligations of or the institution of proceedings under bankruptcy laws by or against any state of the United States or agency or instrumentality thereof or any municipality located in the United States or agency or instrumentality thereof that, in the reasonable judgment of the Underwriter, affects materially and adversely the market price or marketability of the Bonds; or

(K) any legislation shall be enacted or proposed, any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency shall have been made or issued that would (1) make the Bonds or any securities of the Issuer or of any similar body subject to the registration requirements of the Securities Act of 1933, as amended, or (2) require the qualification of an indenture with respect to the Bonds or any such securities under the Trust Indenture Act of 1939, as amended;

(iv) at or prior to the Closing Date, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to the Underwriter and its counsel:

(A) the unqualified approving opinion, dated as of the Closing Date, of Stevens & Lee ("Bond Counsel"), substantially in the form attached to the Official Statement as **Appendix "C"** thereto, accompanied by a supplemental opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as **Exhibit "A"**;

(B) the opinion of Paul King, Esquire, counsel to the Issuer, dated as of the Closing Date, substantially in the form attached hereto as **Exhibit "B"**;

(C) the opinion of Stevens & Lee, counsel to the Company and the Guarantor, dated as of the Closing Date, substantially in the form attached hereto as **Exhibit "C"**;

(D) the opinion of Barley Snyder LLC, counsel to the Underwriter, dated as of the Closing Date, substantially in the form attached hereto as **Exhibit "D"**;

(E) the opinion of Barley Snyder LLC, counsel to the Bank, dated as of the Closing Date, substantially in the form attached hereto as Exhibit "E";

(F) a certificate or certificates, dated as of the Closing Date, signed by an authorized officer of the Issuer and in form and substance satisfactory to the Underwriter, to the effect that the representations and warranties of the Issuer contained herein are true and correct in all material respects as of the Closing Date and that the Issuer has performed its obligations hereunder;

(G) a certificate of the President of the Company, or such other officer as is acceptable to the Underwriter, dated as of the Closing Date, in form and substance satisfactory to the Underwriter, to the effect that the representations and warranties of the Company contained herein are true and correct in all material respects as of the Closing Date and that the Company has performed its obligations hereunder;

(H) a certificate of the Secretary of the Company, dated as of the Closing Date, in form and substance satisfactory to the Underwriter, certifying (1) that attached thereto is a copy of the charter, articles or certificate of incorporation of the Company, and all amendments thereto, certified as of a recent date by the Secretary of State of the Commonwealth of Pennsylvania, and that such documents have not been amended since such date; (2) that attached thereto is a true and correct copy of the Bylaws of the Company, as in effect on the date of such certification, and (3) that attached thereto is a true and correct copy of the resolutions of the Board of Directors of the Company authorizing the execution and delivery of all documents to which it is a party and all transactions contemplated by the Official Statement and this Purchase Agreement;

(I) a certificate of the President of the Guarantor, or such other officer as is acceptable to the Underwriter, dated as of the Closing Date, in form and substance satisfactory to the Underwriter, to the effect that the representations and warranties of the Guarantor contained in the Guaranty Agreement are true and correct in all material respects as of the Closing Date and that the Guarantor has performed its obligations thereunder;

(J) a certificate of the Secretary of the Guarantor, dated as of the Closing Date, in form and substance satisfactory to the Underwriter, certifying (1) that attached thereto is a copy of the charter, articles or certificate of incorporation of the Guarantor, and all amendments thereto, certified as of a recent date by the Secretary of State of the State of incorporation of the Guarantor, and that such documents have not been amended since such date; (2) that attached thereto is a true and correct copy of the Bylaws of the Guarantor, as in effect on the date of such certification, and (3) that attached thereto is a true and correct copy of the resolutions of the Board of Directors of the Guarantor authorizing the execution and delivery of all documents to which it is a party and

all transactions contemplated by the Official Statement, the Guaranty Agreement and this Purchase Agreement;

(K) a certificate dated as of the Closing Date of an authorized officer of the Bank satisfactory to the Underwriter and in form and substance satisfactory to the Underwriter, to the effect that (1) no event affecting the Bank or its operations has occurred that either (a) makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading; and (2) the Bank consents to the use of the information relating to the Bank contained in the Official Statement in connection with the sale and remarketing of the Bonds by the Underwriter and the Remarketing Agent;

(L) copies of the documents required to be filed with the Trustee prior to delivery of the Bonds pursuant to Section 2.12 of the Indenture;

(M) copies of the Official Statement, executed on behalf of the Company by the President of the Company (or such other authorized officer as the Underwriter shall have approved) and on behalf of the Issuer by an authorized officer of the Issuer;

(N) evidence of the ratings of "VMIG-1" issued by Moody's Investors Service, Inc., with respect to the Bonds; and

(O) such additional legal opinions, consents, certificates, proceedings, instruments and other documents as the Underwriter, counsel for the Underwriter, or Bond Counsel may reasonably request to evidence compliance by the Issuer, the Company and the Bank with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer and the Company herein and the due performance or satisfaction by the Issuer and the Company at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Company.

If there shall be a failure to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted under this Purchase Agreement, this Purchase Agreement shall terminate, and the Underwriter, the Issuer, the Guarantor and the Company shall have no further obligation hereunder, except as provided in Sections 7, 8 and 12 and 13.

Section 6. Closing. At 10:00 a.m., Reading, Pennsylvania time, on September 27, 2007, or at such other time or on such earlier or later date as we mutually agree upon (herein called the "Closing" and the date of the Closing herein called the "Closing Date"), the Issuer will deliver or cause to be delivered to The Depository Trust Company ("DTC"), on behalf of the Underwriter, at 55 Water Street, New York, New York, or at such other place as the parties hereto may mutually agree upon, the Bonds as described below in typewritten form duly executed and

authenticated, and at the offices of Stevens & Lee, Reading, Pennsylvania, the other documents mentioned herein. It is anticipated that CUSIP identification numbers will be placed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Purchase Agreement. Upon such delivery of the Bonds, the Underwriter will pay the full purchase price thereof by immediately available federal funds payable to the Trustee on behalf of the Issuer. One fully-registered Bond for each maturity, in the aggregate principal amount of each such maturity, shall be issued to and registered in the name of Cede & Co., nominee for DTC, as securities depository, and the beneficial interests in the Bonds so registered will be credited to such accounts with DTC as the Underwriter shall designate. The Bonds shall be so issued and registered to and held by DTC or its nominee, and beneficial interests therein shall be transferable in accordance with the book-entry system.

Section 7. Fees and Expenses.

(a) In addition to the Underwriter's discount referred to in **Section 1**, the Company also agrees to pay to the Underwriter all reasonable out-of-pocket costs and expenses of the Underwriter incurred in connection with the issuance and sale of the Bonds and the preparation, execution, delivery and filing of this Purchase Agreement, the Official Statement, the Indenture, the Bonds, the Loan Agreement, the Note, any other Company Document and any other documents contemplated to be delivered in connection herewith or therewith.

(b) The Company shall also pay all other fees and expenses incurred in connection with the issuance and sale of the Bonds and the preparation, execution, delivery and filing of this Purchase Agreement, the Official Statement, the Indenture, the Bonds, the Loan Agreement, [the Note,] any other Company Document and any other document that may be delivered in connection herewith or therewith, including, but not limited to, the fees and expenses of Bond Counsel, counsel for the Underwriter, counsel for the Bank, counsel for the Company and counsel for the Issuer, the fees and expenses of the Issuer and the Trustee, the cost of printing and delivery of the Bonds and the Official Statement, rating agency fees, if any, and fees and expenses of the Bank.

(c) Such fees and expenses shall be paid by the Company whether or not the Bonds are issued or sold. All such fees and expenses, to the extent they are identifiable and billed, shall be paid on the Closing Date, and the remainder shall be paid promptly upon receipt of statements therefor. The obligations of the Company under this Section shall survive the issuance and maturity of the Bonds and any termination of this Purchase Agreement.

Section 8. Indemnification. The Company agrees to indemnify and hold harmless the Underwriter and the Issuer and any member, commissioner, officer, director, employee or agent of the Underwriter or the Issuer and each person, if any, who controls the Underwriter or the Issuer within the meaning of Section 15 of the Securities Act of 1933, as amended (the "Securities Act"), or Section 20 of the Securities Exchange Act of 1934, as amended

(collectively, the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses whatsoever (collectively, "Loss") caused by, or which arise out of or relate to, any breach (or alleged breach) by the Company of its representations, warranties or covenants set forth herein, or any untrue statement or misleading statement of a material fact contained in the Official Statement or incorporated therein by reference (except statements pertaining to Wachovia Bank, National Association or its affiliates) or supplied by the Company in writing in connection with the sale of the Bonds in accordance with the terms hereof and of the Remarketing Agreement (collectively, the "Company Disclosure Materials"), or which arise out of or relate to, any omission or alleged omission from such Company Disclosure Materials of any material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading (except omissions or alleged omissions pertaining to Wachovia Bank, National Association or its affiliates).

The Underwriter agrees that it will indemnify and hold harmless the Company and the Issuer and any member, commissioner, officer, director, employee or agent of the Company or the Issuer and each person, if any, who controls the Company or the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (each also, an "Indemnified Party"), against any Loss caused by, or which arises out of or relates to, any untrue statement or misleading statement of a material fact contained in the Official Statement or incorporated therein by reference pertaining to Wachovia Bank, National Association or its affiliates or supplied by Wachovia Bank, National Association or its affiliates in writing in connection with the sale of the Bonds (collectively, the "Wachovia Disclosure Materials"), or which arises out of or relates to any omission or alleged omission from such Wachovia Disclosure Materials of any material fact required to be stated therein or necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

In case any action (including any governmental investigation) shall be brought against one or more of the Indemnified Parties in respect of which indemnity may be sought as provided herein, such Indemnified Party or Indemnified Parties shall promptly notify the person or persons from whom indemnity is sought (each, an "Indemnifying Party") in writing and such person or persons shall promptly assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party or Indemnified Parties, and payment of all expenses; but the omission to notify an Indemnifying Party as provided herein shall not relieve such Indemnifying Party from any liability that it may have (i) under the preceding two paragraphs of this Section, so long as such Indemnifying Party is given the reasonable opportunity to defend such claim and (ii) otherwise than under this Section. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless (i) the employment of such counsel has been specifically authorized in writing by the Indemnifying Party or Indemnifying Parties, or (ii) the named parties to any such action (including any impleaded parties) include both one or more Indemnifying Parties and such Indemnified Party or Indemnified Parties and representation of both such Indemnifying Party or Indemnifying Parties and such Indemnified Party or Indemnified Parties by the same counsel would be inappropriate due to actual or potential differing interests between them. An Indemnifying Party shall not be liable for any

settlement of any such action effected without its consent, but if settled with such consent or if there is a final judgment in any such action with or without consent, such Indemnifying Party agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the consent of each Indemnified Party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in which indemnification or contribution may be sought hereunder (whether or not such Indemnified Party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of such Indemnified Party from all liability arising out of such action or claim and (ii) does not include a statement as to or admission of fault, culpability or a failure to act, by or on behalf of such Indemnified Party.

If the indemnification provided for in this Section is unavailable to or insufficient to hold harmless an Indemnified Party in respect of any Loss as provided in this Section, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Loss in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriter on the other from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnification provided for in this Section is unavailable on account of the Indemnified Party having failed to give the notice required in the preceding paragraph, then each Indemnifying Party shall contribute to such amount paid or payable by such Indemnified Party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such Loss, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the total net proceeds from the sale of the Bonds received by the Company (which is the aggregate purchase price set forth in **Section 1**) bear to the Underwriter's discount received by the Underwriter with respect to the Bonds (referred to in **Section 1**). The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Underwriter on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriter agree that it would not be just and equitable if contributions pursuant to this paragraph were determined by *pro rata* allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this paragraph. The amount paid or payable by an Indemnified Party as a result of a Loss which is subject to this paragraph shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending the action or claim that resulted in such Loss. Notwithstanding the provisions of this paragraph, the Underwriter shall not be required to contribute any amount in excess of the amount by which the total price at which the Bonds were offered to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to indemnification or contribution from any person who was not guilty of such fraudulent misrepresentation.

The obligations under this Section shall survive the issuance and the maturity of the Bonds and any termination of this Purchase Agreement. The obligations under this Section are in addition to any other liabilities that the parties may otherwise have.

Section 9. Governing Law. This Purchase Agreement has been executed and delivered at, and shall be deemed to have been made in, Florida, and shall be interpreted in accordance with the internal laws (as opposed to the conflicts of laws provisions) of the State of Florida.

Section 10. Counterparts. This Purchase Agreement may be signed in any number of counterparts, each of which shall be an original, and by the parties hereto on separate counterparts, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 11. Binding Effect. This Purchase Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns, except that no party hereto may assign any of its rights or obligations hereunder without the consent of the other parties.

Section 12. Survival of Representations and Obligations. The agreements, representations, warranties and covenants set forth in this Purchase Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Underwriter, the Issuer or the Company or any of their respective officials, officers or directors or agents or any controlling person referred to in the first paragraph of **Section 8**, and will survive delivery of and payment for the Bonds, the maturity of the Bonds and any termination of this Purchase Agreement.

Section 13. Guaranty. In order to induce the Underwriter to enter into this Purchase Agreement, the Guarantor hereby unconditionally guarantees to the Underwriter, its successors, endorsees, transferees and assigns, the punctual payment and performance when due, whether at stated maturity, by acceleration or otherwise, of the obligations of the Company hereunder. This is an absolute and unconditional guaranty of payment and not of collection. The liability of the Guarantor on this guaranty shall be continuing, direct and immediate and shall not be conditional or contingent upon either the pursuit of any remedies against the Company or any other person or foreclosure of any security interests or liens available to the Underwriter, its successors, endorsees, transferees or assigns.

The Guarantor agrees that its obligations hereunder are independent of the Company's obligations hereunder and shall not be discharged, released, limited, deferred or otherwise affected by the invalidity or unenforceability of the other provisions of this Purchase Agreement, the bankruptcy or insolvency of the Company, or any extension, renewal, acceleration, modification, indulgence, release, discharge, exchange, compromise, or surrender of the obligations of the Company hereunder or any collateral for the obligations of the Company hereunder, whether or not the Guarantor has notice or knowledge thereof.

The Guarantor expressly waives (a) notice of acceptance of this guaranty and of all extensions or renewals of credit or other financial accommodations to the Company; (b) presentment and demand for payment of any of the obligations of the Company hereunder;

(c) protest and notice of dishonor or of default to the Guarantor with respect to the obligations of the Company hereunder or to any security therefor; (d) notice of any of the matters set forth in the foregoing paragraph and the right to consent thereto; (e) any right to require the Underwriter to proceed against, or to exhaust or have resort to any collateral or other security from or any deposit balance or other credit in favor of, the Company, or to pursue any other remedy or enforce any other right; (f) all other notices to which the Guarantor might otherwise be entitled; and (g) demand for payment under this guaranty.

The obligations under this Section shall survive the issuance and the maturity of the Bonds and any termination of this Purchase Agreement.

Section 14. Notices. All notices, certificates, requests or other communications hereunder shall be given in accordance with **Section 9.4** of the Indenture using the same address for the Underwriter and the Remarketing Agent.

Section 15. Miscellaneous.

(a) This Purchase Agreement may be amended from time to time only by an instrument in writing executed by all the parties hereto.

(b) The headings contained herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Purchase Agreement.

(c) Any provision of this Purchase Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating any other provision hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be duly executed as of the day and year first above written.

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

ACCEPTED:

PALM BEACH COUNTY, FLORIDA

ATTEST:

SHARON R. BOCK, Clerk & Comptroller

By: _____
Addie L. Green, Chairperson
Board of County Commissioners

By: _____
Deputy Clerk

[SEAL]

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY

County Attorney

CARON FOUNDATION OF FLORIDA, INC.

By: _____
Name: Andrew J. Rothermel
Title: Chief Financial Officer

RICHARD J. CARON FOUNDATION

By: _____
Name: Andrew J. Rothermel
Title: Chief Financial Officer

[Signature page to Purchase Agreement]

EXHIBIT "A"

Supplemental Opinion of Bond Counsel

Clean Bond Purchase Agreement

EXHIBIT "B"

Opinion of Counsel to Issuer

Clean Bond Purchase Agreement

EXHIBIT "C"

Opinion of Counsel to Company and Guarantor

Clean Bond Purchase Agreement

EXHIBIT "D"

Opinion of Counsel to Underwriter

Clean Bond Purchase Agreement

EXHIBIT "E"

Opinion of Counsel to Bank

Clean Bond Purchase Agreement
