In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the 2008 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the 2008 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Interest on the 2008 Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.

$156,575,000
SOUTH BROWARD HOSPITAL DISTRICT
HOSPITAL REFUNDING REVENUE BONDS, SERIES 2008
(SOUTH BROWARD HOSPITAL DISTRICT OBLIGATED GROUP)

Dated: Date of Delivery
Due: May 1, as shown on inside cover

The South Broward Hospital District (the “Issuer”) is offering its Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group) (the “2008 Bonds”), to be issued pursuant to the laws of the State of Florida, and the Bond Indenture, dated as of May 1, 2008 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), to provide funds to (i) pay prior to maturity the principal of and accrued interest on the Refunded Debt (defined herein) incurred pursuant to the Bank of America Loan Agreement (defined herein), and (ii) pay certain costs of issuance of the 2008 Bonds.

The 2008 Bonds will be dated their date of delivery and will bear interest at the fixed rates set forth on the inside cover page, calculated on the basis of a 360-day year comprised of twelve 30-day months, payable semiannually on May 1 and November 1, commencing November 1, 2008.

The 2008 Bonds are subject to extraordinary, mandatory and optional redemption prior to maturity as more fully described herein.

The 2008 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the 2008 Bonds. Purchases of beneficial interests in the 2008 Bonds will be made in book-entry form in denominations of $5,000 or any integral multiple thereof. So long as Cede & Co. is the registered owner of the beneficial interests, direct payments of principal and interest on the 2008 Bonds will be payable by the Bond Trustee, as trustee and paying agent, to DTC or Cede & Co. (and references herein to the owners of the 2008 Bonds shall mean Cede & Co.), which will in turn remit such payments to its participants for subsequent disbursement to Beneficial Owners of the 2008 Bonds, as more fully described herein. See “DESCRIPTION OF THE 2008 BONDS - Book-Entry Only System.”

THE 2008 BONDS ARE SUBJECT TO CERTAIN RISKS. SEE “BONDHOLDERS’ RISKS” HEREIN.

The 2008 Bonds will be special obligations of the Issuer payable solely from, and secured by a pledge of and lien on, the Trust Estate, all as provided in the Bond Indenture, which Trust Estate includes the Pledged Funds (as defined in the Bond Indenture) and Obligation No. 16 issued under the Master Trust Indenture, dated as of September 1, 2003 (the “Master Trust Indenture”), as supplemented to date, including as supplemented by the Supplemental Indenture for Obligation No. 16, dated as of May 1, 2008 (as supplemented, the “Master Indenture”), between the Issuer, as representative of the Obligated Group, and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee. Obligation No. 16 is in turn payable solely from, and secured by a pledge of and lien on, the Gross Revenues of the Issuer and future Members of the Obligated Group and the Accounts (as defined in the Master Indenture) of the future Members of the Obligated Group that are not governmental units, subject to certain exceptions provided in the Master Indenture, and the MTI Pledged Funds (as defined in the Master Indenture). The lien on the Gross Revenues of the Issuer and future Members of the Obligated Group and the Accounts of future Members of the Obligated Group that are not governmental units will be on a parity with liens for the benefit of Obligations issued and securing certain Outstanding Prior Indebtedness described herein and Obligations which may be issued hereafter in accordance with the Master Indenture.


All of the 2008 Bonds are offered in book-entry form by the respective Underwriters when, as and if issued by the Issuer and accepted by the respective Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to certain conditions, and to the opinion as to legality and tax exemption of the 2008 Bonds by Squire, Sanders & Dempsey L.L.P., Miami, Florida, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Issuer by its General Counsel, Gary S. Barber, Esquire, and for the Underwriters by their counsel, Tripp, Scott, P.A., Fort Lauderdale, Florida. Ponder & Co., Chicago, Illinois, is acting as financial advisor to the Issuer. It is expected that delivery of the 2008 Bonds will be made through DTC in New York, New York, on or about May 28, 2008.

UBS Investment Bank
Banc of America Securities LLC
Siebert Brandford Shank & Co., LLC

May 15, 2008
$156,575,000
SOUTH BROWARD HOSPITAL DISTRICT
HOSPITAL REFUNDING REVENUE BONDS, SERIES 2008
(SOUTH BROWARD HOSPITAL DISTRICT OBLIGATED GROUP)

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<tr>
<td>2009</td>
<td>$1,580,000</td>
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$ 8,180,000  5.250% Term Bond due May 1, 2022 – Yield 4.700 %*, CUSIP No. 836753JC8
$ 30,270,000  5.000% Term Bond due May 1, 2028 – Yield 5.080 %, CUSIP No. 836753JD6
$102,885,000  5.000% Term Bond due May 1, 2036 – Price 97.000 %, Yield 5.205 %, CUSIP No. 836753JE4

* Price to call date of May 1, 2018 at par.
OFFICIALS

Board of Commissioners

Kevin P. Tynan  
Chairman

Kathleen A. Durham  
Vice Chairman

Sara E. Wolfer  
Secretary/Treasurer

Albert C. Jones  
Commissioner

Laura Raybin Miller  
Commissioner

Alfredo Avalos  
Commissioner

Shane Strum  
Commissioner

President and Chief Executive Officer

Frank V. Sacco

Executive Vice President and Chief Administrative Officer

Anthony C. Krayer, III

Senior Vice President and Chief Financial Officer

Matthew J. Muhart

Senior Vice President and General Counsel to the District

Gary S. Barber, Esquire

Bond Counsel

Squire, Sanders & Dempsey L.L.P.  
Miami, Florida

Financial Advisor

Ponder & Co.  
Chicago, Illinois
NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE ISSUER OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS WITH RESPECT TO THE 2008 BONDS, OTHER THAN THOSE IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE 2008 BONDS, BY ANY PERSON IN ANY STATE IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE ISSUER, DTC AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION AND SUCH INFORMATION IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE UNDERWRITERS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.


IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2008 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2008 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES OR YIELDS LOWER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE “FORWARD-LOOKING STATEMENTS.” SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “BUDGET” OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS “ESTIMATED SOURCES AND USES OF FUNDS,” “BONDHOLDERS’ RISKS” AND “REGULATION OF THE HEALTH CARE INDUSTRY” IN THE FOREPART OF THIS OFFICIAL STATEMENT AND CERTAIN STATEMENTS CONTAINED UNDER THE CAPTION “POPULATION TRENDS,” “MAXIMUM ANNUAL DEBT SERVICE,” “MANAGEMENT’S DISCUSSION OF FINANCIAL PERFORMANCE” AND “STRATEGIC DIRECTION” IN APPENDIX A TO THIS OFFICIAL STATEMENT.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE ISSUER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.
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APPENDIX A - THE SOUTH BROWARD HOSPITAL DISTRICT
APPENDIX C - THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16
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APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT
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INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the inside cover page, and the Appendices, is furnished in connection with the offering by the South Broward Hospital District (the “Issuer” or the “District”) of its Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group) (the “2008 Bonds”), to be issued pursuant to the laws of the State of Florida, and the Bond Indenture, dated as of May 1, 2008 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as bond trustee (the “Bond Trustee”), to provide funds to (i) pay prior to maturity the principal of and accrued interest on the Refunded Debt (defined herein) incurred pursuant to the Bank of America Loan Agreement (defined herein), and (ii) pay certain costs of issuance of the 2008 Bonds. See “PURPOSE OF THE 2008 BONDS” and “ESTIMATED SOURCES AND USES OF FUNDS.”

The Issuer is a special tax district created pursuant to Chapter 24415, Laws of Florida, Special Acts of 1947, as amended and as codified by Chapter 2004-397, Laws of Florida (2004) (the “Act”), and is a body corporate of the State of Florida which operates the Hospital Facilities (hereinafter defined) located in Broward County, Florida. The Issuer is governed by the South Broward Hospital District Board of Commissioners which is composed of seven members. See “THE ISSUER” herein.

The Hospital Facilities presently consist of, collectively, Memorial Regional Hospital, a 690-bed acute care facility and its 324-bed acute care satellite facility, Memorial Regional Hospital South (formerly Hollywood Medical Center) in Hollywood, Florida; Memorial Hospital West, a 299-bed acute care facility in Pembroke Pines, Florida; Memorial Hospital Pembroke, a 301-bed acute care facility in Pembroke Pines, Florida; Memorial Hospital Miramar, a 178-bed acute care facility in Miramar, Florida; Memorial Manor Nursing Home, a 120-bed nursing home facility in Pembroke Pines, Florida; Urgent Care Center, a general medical care and limited emergency care center in Pembroke Pines, Florida; Memorial Outpatient Center - Hallandale, an outpatient care facility in Hallandale Beach, Florida; Memorial Home Health Services, a home health provider in Hollywood, Florida; multiple primary care and school health centers located throughout south Broward County; Memorial Regional Hospital Cancer Institute, located on the campus of Memorial Regional Hospital in Hollywood, Florida; Memorial Hospital West Memorial Cancer Institute, located on the Campus of Memorial Hospital West; Pediatric Specialty Center, an outpatient pediatric oncology and endocrinology care facility in Hollywood, Florida; Memorial Adult Day Care Center, an elderly care facility within the Memorial Outpatient Center - Hallandale, and various other practices and services in and around Broward County, Florida. See “APPENDIX A – THE SOUTH BROWARD HOSPITAL DISTRICT.”

The 2008 Bonds are being issued in fully registered form in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and beneficial interests in the book-entry bonds will be made available in authorized denominations to ultimate purchasers under the book-entry-only system maintained by DTC. The 2008 Bonds will be dated their date of delivery and will bear interest at the fixed rates set forth on the inside cover page, calculated on the basis of a 360-day year comprised of twelve 30-day months, payable semiannually on May 1 and November 1, commencing November 1, 2008.

The 2008 Bonds are subject to extraordinary, mandatory and optional redemption prior to maturity as more fully described herein.

The 2008 Bonds will be special obligations of the Issuer payable solely from, and secured by a pledge of and lien on, the Trust Estate, all as provided in the Bond Indenture, which Trust Estate includes the Pledged Funds (as defined in the Bond Indenture) and Obligation No. 16 issued under the Master Trust Indenture, dated as of September 1, 2003 (the “Master Trust Indenture”), as supplemented to date, including as supplemented by the Supplemental Indenture for Obligation No. 16 thereto, dated as of May 1, 2008 (the “Supplemental Indenture No. 16” and the Master Trust Indenture, as supplemented, the
“Master Indenture”), between the Issuer, as representative of the Obligated Group, and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee (the “Master Trustee”). Pursuant to the Master Indenture and the Bond Indenture, the Obligated Group (as defined in the Master Indenture), which includes the Issuer, as the sole current member of the Obligated Group, and any future Members of the Obligated Group, agree to pay the principal of, and interest on the 2008 Bonds pursuant to and as evidenced by the issuance of Obligation No. 16 under the Master Indenture and the pledge thereof to the repayment of the 2008 Bonds.

The Obligated Group will cause Obligation No. 16 to be issued under the Master Indenture for the benefit of the 2008 Bonds which will entitle the holder thereof to the protection of the covenants, restrictions and other obligations imposed on Members of the Obligated Group by the Master Indenture. The Obligations of the Issuer and future Members of the Obligated Group issued under the Master Indenture are payable solely from, and are secured by a pledge of and a lien on, (a) the Gross Revenues (as defined in the Master Indenture) of the Issuer and any future Member of the Obligated Group that is a governmental unit possessing the power to levy ad valorem taxes (a “Governmental Unit”), (b) the Gross Revenues and Accounts (as defined in the Master Indenture) of any Member of the Obligated Group that is a corporation or other business entity, subject to the provisions of the Master Indenture relating to the ability of the Obligated Group to transfer and pledge such Gross Revenues and Accounts free of the lien of the Master Indenture, and (c) the MTI Pledged Funds (as defined in the Master Indenture). Under the Master Indenture, Gross Revenues do not include the ad valorem tax receipts of the Issuer or any governmental unit that becomes a Member of the Obligated Group in the future. Under the Master Indenture, the Issuer will retain the ability under certain circumstances to pledge and sell its accounts receivable free and clear of the lien of the Master Indenture.

The 2008 Bonds and interest thereon shall not be deemed to constitute a general debt, liability or obligation within the meaning of the Constitution and laws of the State of Florida, and shall not constitute or give rise to a lien upon or pledge of any property (other than Obligation No. 16 and the Pledged Funds provided therefor under the Bond Indenture) of the Issuer or of the State of Florida or any political subdivision thereof, and the Issuer shall not be obligated to pay the same or the interest thereon except from payments made on Obligation No. 16 and the Pledged Funds provided therefor under the Bond Indenture. Neither the faith and credit nor the taxing power of the Issuer, or of any future Member that is a governmental unit, or of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of, or interest on the 2008 Bonds, and no holder or owner of any 2008 Bond shall ever have the right to compel any exercise of the ad valorem taxing power of the Issuer, or any such Member, or of the State of Florida or any political subdivision thereof, directly or indirectly, to enforce such payment. See “DESCRIPTION OF THE 2008 BONDS” and “SECURITY FOR THE 2008 BONDS” herein.

The Issuer has previously issued and currently has outstanding certain Obligations under the Master Indenture securing the Issuer's Hospital Revenue Certificate, Series 1998 currently outstanding in the aggregate principal amount of $6,000,000 (the “1998 Revenue Certificate”), the Issuer's Hospital Revenue Certificate, Series 2000 currently outstanding in the aggregate principal amount of $8,394,174 (the “2000 Revenue Certificate”), the Issuer's Hospital Revenue Certificate, Series 2001 currently outstanding in the aggregate principal amount of $7,200,000 (the “2001 Revenue Certificate”), the Issuer's Hospital Refunding Revenue Bonds, Series 2003A currently outstanding in the aggregate principal amount of $20,375,000 (the “2003A Bonds”), the Issuer's Hospital Refunding Revenue Bonds, Series 2003B currently outstanding in the aggregate principal amount of $3,135,000 (the “2003B Bonds”), the Issuer's Hospital Revenue and Refunding Revenue Bonds, Series 2006 currently outstanding in the aggregate principal amount of $120,000,000 (the “2006 Bonds”), the Issuer's Hospital Refunding Revenue Bonds, Series 2007 currently outstanding in the aggregate principal amount of $112,745,000 (the “2007 Bonds”). The 2003A Bonds, the 2003B Bonds, the 2006 Bonds and the 2007 Bonds are referred to herein collectively as the “Outstanding Bonds” and the 1998 Revenue Certificate, the 2000 Revenue Certificate and the 2001 Revenue Certificate are referred to herein collectively as the “Outstanding Revenue Certificates.” The Issuer has recently entered into a Loan Agreement dated as of March 1, 2008 with Bank of America, National Association (the “Bank of America Loan Agreement”), and has executed a promissory note dated as of March 24, 2008 to evidence the debt incurred under the Bank of America Loan Agreement (the “Refunded Debt”) which debt was incurred for the purpose of refunding its (i) Hospital Refunding Revenue Bonds, Series 2003C (the “2003C Bonds”), (ii) Hospital
Revenue Bonds, Series 2004A (South Broward Hospital District Obligated Group) (the “2004A Bonds”), and (iii) Hospital Revenue Bonds, Series 2004B (South Broward Hospital District Obligated Group) (the "2004B Bonds"). The Outstanding Bonds, the Outstanding Revenue Certificates and the Refunded Debt are referred to herein collectively as the “Outstanding Prior Indebtedness.” Prior to the issuance of the 2008 Bonds, the approximate aggregate amount of currently Outstanding Prior Indebtedness (including the Refunded Debt) will equal $430,474,174. See “SECURITY FOR THE 2008 BONDS” and “OUTSTANDING LONG TERM DEBT.”

Upon the terms and conditions specified in the Master Indenture, the Master Indenture permits the Members of the Obligated Group to issue additional Obligations to parties other than the Bond Trustee, which additional Obligations will not be incurred under the Bond Indenture, but will be equally and ratably secured under the Master Indenture on parity with Obligation No. 16 issued to secure the 2008 Bonds, except as otherwise described herein. All Obligations issued under the Master Indenture are joint and several obligations of all Members of the Obligated Group.

The obligations of the Members of the Obligated Group to pay all amounts due under Obligation No. 16 securing the 2008 Bonds and each other Obligation (including any Obligation issued to secure any Outstanding Prior Indebtedness) that may be issued by the Members of the Obligated Group from time to time under the Master Indenture will be secured on a parity with one another as provided in the Master Indenture.

As of the date of issuance of the 2008 Bonds, the Issuer is the sole Member of the Obligated Group and the Representative of the Obligated Group (as such terms are defined in the Master Indenture). The Master Indenture permits certain additional parties to become Members of the Obligated Group and to cease to be Members of the Obligated Group in the future upon the satisfaction of certain requirements set forth therein. See “SECURITY FOR THE 2008 BONDS” and “APPENDIX C – THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein.

The financial statements of the Members of the Combined Group will be combined for financial reporting purposes and will be used in determining whether certain covenants and tests required by the Master Indenture are satisfied, but see “BONDHOLDERS’ RISKS - Risks Related to Obligations Issued under the Master Indenture” herein for a description of certain potential limitations as to the enforceability of the covenants of the Members of the Obligated Group in the Master Indenture to be jointly and severally liable for each Obligation issued thereunder. See also generally “SECURITY FOR THE 2008 BONDS”, and “APPENDIX C – THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein.

Under the Master Indenture, each Member of the Obligated Group will covenant to set rates and charges for its respective facilities, services and products such that the Net Income Available for Debt Service in each Fiscal Year shall at least equal the sum of (i) 110% of the Maximum Annual Debt Service, plus (ii) the principal and interest accruing for such Fiscal Year on all other Indebtedness payable from Gross Revenues; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such Fiscal Year. So long as the Members of the Obligated Group shall comply with the recommendations of a Consultant with respect to increasing the Net Income Available for Debt Service to the level required, the Members of the Obligated Group shall be deemed to have complied with the level required even if the level required is not met; provided, however, that the revenues and unrestricted cash and investments on hand of the Obligated Group shall not be less than the amount required to pay when due the total operating expenses of the Obligated Group and to pay when due the debt service on all Indebtedness of the Obligated Group for such Fiscal Year and further provided, however, that the Obligated Group shall not be required to retain a Consultant to make these recommendations more frequently than biennially. If Governmental Restrictions have been imposed which the Consultant determines make it impossible for the required level of Net Income Available for Debt Service to be attained, then such required level shall be reduced to the maximum level permitted by such Governmental Restrictions but in no event less than 100% of the required payments and thereafter,
for so long as such Governmental Restrictions remain in effect, a report from the Consultant confirming that such Governmental Restrictions make it impossible to attain the required levels shall be delivered to the Master Trustee biennially.

This Official Statement contains descriptions of, among other matters, the 2008 Bonds, the Master Indenture, the Supplemental Indenture No. 16, the Bond Indenture, the Issuer and the Hospital Facilities. Such descriptions and information do not purport to be comprehensive or definitive. The Master Indenture and the form of Supplemental Indenture No. 16 are set forth in Appendix C to this Official Statement and the form of the Bond Indenture is set forth in Appendix D to this Official Statement. Definitions of certain words and terms used in this Official Statement are also set forth in Appendix C and Appendix D to this Official Statement. All references herein to the Master Indenture, the Supplemental Indenture No. 16 and the Bond Indenture are qualified in their entirety by reference to such documents, and references herein to the 2008 Bonds are qualified in their entirety by reference to the forms thereof included in the Bond Indenture. Until the issuance and delivery of the 2008 Bonds, copies of the Master Indenture, the Supplemental Indenture No. 16, the Bond Indenture and other documents herein described may be obtained from the Underwriters. Copies of such documents will be available for inspection at the corporate trust office of the Bond Trustee in Fort Lauderdale, Florida after delivery of the 2008 Bonds.

THE ISSUER

Location

The Issuer of the 2008 Bonds is the South Broward Hospital District, a special tax district consisting of approximately the southern one-third of Broward County, Florida. The boundaries of the South Broward Hospital District extend from approximately Southwest 36th Street (Fort Lauderdale) extended westward to the Collier County, Florida line on the north to the Miami-Dade County, Florida line on the south and from the Atlantic Ocean on the east to the Collier County, Florida line on the west. This geographic region includes the cities of Cooper City, Dania Beach, Davie, Hallandale Beach, Hollywood, Pembroke Pines, Miramar, Southwest Ranches, West Park and Weston, Florida, and certain unincorporated areas of Broward County, but excludes the City of Fort Lauderdale. The population within the boundaries and primary service area of the Issuer was approximately 656,700 in 2007, and the assessed tax valuation in Fiscal Year 2007 is approximately $46,964,000,000.

Hospital Facilities

The Hospital Facilities presently consist of, collectively, Memorial Regional Hospital, a 690-bed acute care facility and its 324-bed acute care satellite facility Memorial Regional Hospital South (formerly Hollywood Medical Center) in Hollywood, Florida; Memorial Hospital West, a 299-bed acute care facility in Pembroke Pines, Florida; Memorial Hospital Pembroke, a 301-bed acute care facility in Pembroke Pines, Florida; Memorial Hospital Miramar, a 178-bed acute care facility in Miramar, Florida; Memorial Manor Nursing Home, a 120-bed nursing home facility in Pembroke Pines, Florida; Urgent Care Center, a general medical care and limited emergency care center in Pembroke Pines, Florida; Memorial Outpatient Center - Hallandale, an outpatient care facility in Hallandale Beach, Florida; Memorial Home Health Services, a home health provider in Hollywood, Florida; multiple primary care and school health centers located throughout south Broward County; Memorial Regional Hospital Cancer Institute located on the campus of Memorial Regional Hospital in Hollywood, Florida; Memorial Hospital West Memorial Cancer Institute, located on the Campus of Memorial Hospital West; Pediatric Specialty Center, an outpatient pediatric oncology and endocrinology care facility in Hollywood, Florida; Memorial Adult Day Care Center, an elderly care facility within the Memorial Outpatient Center - Hallandale, and various other practices and services in and around Broward County, Florida. See “APPENDIX A – THE SOUTH BROWARD HOSPITAL DISTRICT.”

Organization

The Issuer is a special tax district created by Chapter 24415, Laws of Florida, Special Acts of 1947, as amended and codified as Chapter 2004-397, Laws of Florida (2004) (the “Act”). The Board of Commissioners of the Issuer, pursuant to the Act, has the power, inter alia, to acquire real and personal
property, to establish, construct, operate and maintain hospitals and other health facilities, to levy and collect ad valorem taxes (subject to certain limits), to exercise the right of eminent domain, to issue revenue bonds and to secure the same in the manner described in this Official Statement.

**Governing Board**

The governing body of the Issuer is a seven member Board of Commissioners (the "Board") appointed pursuant to Chapter 24415, Laws of Florida, Special Acts of 1947, as amended (the "Act") by the Governor of the State of Florida for four year staggered terms of office. Each Commissioner must be a qualified elector residing in Broward County for more than one year and within the District for more than 90 days prior to appointment. The Governor may remove any Commissioner for cause and may fill any vacancies. Commissioners serve without compensation. The Board conducts much of its business through a committee structure, and the full Board typically meets at least once each month for official action. Standing committees that meet as needed include Finance, Contracts, Planning, Building, Personnel and Government Relations. Committees meeting quarterly include Community Relations, Audit and Compliance, Senior Services, Home Health Agency, and Board Peer Review. The Governance Committee meets annually and as required.

The current members of the Board and their respective offices, principal occupations and terms, are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Principal Occupation</th>
<th>Term Expires June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin P. Tynan</td>
<td>Chairman</td>
<td>Partner, Legal Firm</td>
<td>2010</td>
</tr>
<tr>
<td>Kathleen A. Durham</td>
<td>Vice Chairman</td>
<td>Bank Vice-President, Market Manager</td>
<td>2008</td>
</tr>
<tr>
<td>Sara E. Wolfer</td>
<td>Secretary/Treasurer</td>
<td>Retired Healthcare Executive</td>
<td>2008</td>
</tr>
<tr>
<td>Laura Raybin Miller</td>
<td>Commissioner</td>
<td>Executive, Brokerage Firm</td>
<td>2009</td>
</tr>
<tr>
<td>Shane Strum</td>
<td>Commissioner</td>
<td>Deputy Chief of Staff, Office of the Governor</td>
<td>2009</td>
</tr>
<tr>
<td>Albert C. Jones</td>
<td>Commissioner</td>
<td>Educator, School Board of Broward County</td>
<td>2007**</td>
</tr>
<tr>
<td>Alfredo Avalos</td>
<td>Commissioner</td>
<td>Detective, Local Law Enforcement</td>
<td>2011</td>
</tr>
</tbody>
</table>

**Serves until successor appointed.**

**PURPOSE OF THE 2008 BONDS**

The 2008 Bonds are being issued pursuant to the laws of the State of Florida and the Bond Indenture to provide funds to (i) pay prior to maturity the principal of and accrued interest on the Refunded Debt incurred pursuant to the Bank of America Loan Agreement, and (ii) pay certain costs of issuance of the 2008 Bonds.

**PLAN OF PREPAYMENT OF REFUNDED DEBT**

The Issuer recently entered into the Bank of America Loan Agreement, and executed a promissory note dated as of March 24, 2008 to evidence the Refunded Debt, which debt was incurred for the purpose of refunding its (i) 2003C Bonds, (ii) 2004A Bonds, and (iii) 2004B Bonds. These prior bonds were issued as auction rate securities.

The proceeds of the 2003C Bonds, together with the proceeds of the 2003A Bonds and other available funds, were applied to refund and defease all of the Issuer’s Outstanding Hospital Revenue and
Refunding Revenue Bonds, Series 1993 (the “1993 Bonds”). The proceeds of the 1993 Bonds, together with other available funds, financed the cost of renovating the main campus of Memorial Regional Hospital, constructing and equipping the community health and fitness and rehabilitation center on the Memorial Hospital West campus, expanding and renovating certain portions of Memorial Hospital West, adding beds at Memorial Manor Nursing Home, acquiring and establishing certain outpatient and other healthcare facilities and the related property, other property and equipment purchases, and defeased a portion of the Issuer’s Hospital Revenue Bonds, Series 1986.

The proceeds of the 2004A Bonds and the 2004B Bonds, together with other available funds, were applied to finance the costs of acquisition, construction and equipping of an acute care hospital in Miramar, Florida (Memorial Hospital Miramar), and certain other improvements for the Issuer and its existing Hospital Facilities, including the reimbursement of certain moneys advanced by the Issuer, and to currently refund and defease all of the Issuer’s Outstanding Hospital Revenue Certificates, Series 1997 and Series 1999 (the “1997 Revenue Certificate” and the “1999 Revenue Certificate,” respectively). The proceeds of the 1997 Revenue Certificate, together with other available funds, financed the construction of three (3) additional floors and the renovation of other areas on the first floor at Memorial Hospital West located in Pembroke Pines, Florida. The proceeds of the 1999 Revenue Certificate, together with other available funds, financed the acquisition of certain real property located in Hollywood, Florida, the renovation, improvement and equipping of certain portions of the District’s Hospital Facilities and the acquisition of certain equipment for the District’s Hospital Facilities.

The Issuer plans to apply a portion of the net proceeds from the sale of the 2008 Bonds, together with other available funds, to provide for the prepayment of the Refunded Debt.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2008 Bonds and other available moneys are expected to be used as follows:

Sources of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount</td>
<td>$156,575,000.00</td>
</tr>
<tr>
<td>Net Original Issue Discount</td>
<td>(2,475,804.75)</td>
</tr>
<tr>
<td>Total Sources of Funds</td>
<td>$154,099,195.25</td>
</tr>
</tbody>
</table>

Uses of Funds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayment of Refunded Debt</td>
<td>$152,979,332.29</td>
</tr>
<tr>
<td>Costs of Issuance</td>
<td>1,119,862.96</td>
</tr>
<tr>
<td>Total Uses of Funds</td>
<td>$154,099,195.25</td>
</tr>
</tbody>
</table>

DESCRIPTION OF THE 2008 BONDS

General

The following is a summary of certain provisions of the 2008 Bonds. Reference is made to the 2008 Bonds and to the Bond Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference. See “APPENDIX D – FORM OF BOND INDENTURE”. Any reference herein to the 2008 Bonds or to the Bond Indenture or other similar documents shall be deemed to mean the 2008 Bonds or the documents related thereto, unless the context or use clearly indicates otherwise.
The 2008 Bonds shall be issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. Payment of the principal of and interest on, the 2008 Bonds at stated maturity shall be made upon the presentation and surrender of the bond or bonds as described below. All payments of interest (other than at stated maturity) on, and of principal upon redemption of, the 2008 Bonds shall be paid through the securities depository (the “Securities Depository”), in accordance with its normal procedures, which now provide for payment by the Securities Depository to its participants and members in next-day funds.

So long as Cede & Co. is the registered owner of the 2008 Bonds as nominee for DTC, references herein to the 2008 Bondholders or Holders as registered owners of the 2008 Bonds shall mean Cede & Co., as nominee, and shall not mean the Beneficial Owners (hereinafter defined) of the 2008 Bonds.

**Maturity**

The 2008 Bonds will mature as set forth on the inside cover page of this Official Statement.

**Interest on the 2008 Bonds**

Interest on the 2008 Bonds will accrue from the date of delivery at the rates set forth on the inside cover page of this Official Statement and will be payable on November 1, 2008 and on each November 1 and May 1 thereafter. Interest on the 2008 Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Book-Entry Only System**

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT NEITHER THE ISSUER NOR THE UNDERWRITERS TAKE ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2008 Bonds. The 2008 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each issue of the 2008 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

Purchases of 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 Bonds on DTC’s records. The ownership interest of each actual
purchaser of each 2008 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2008 Bonds, except in the event that use of the book-entry system for the 2008 Bonds is discontinued.

To facilitate subsequent transfers, all 2008 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2008 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2008 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2008 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2008 Bond documents. For example, Beneficial Owners of the 2008 Bonds may wish to ascertain that the nominee holding the 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2008 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2008 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Issuer or Agent on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2008 Bonds at any time by giving reasonable notice to the Issuer or the Agent. Under such circumstances, in the event that a successor depository is not obtained, 2008 Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a
successor securities depository). In that event, 2008 Bond certificates will be printed and delivered to DTC.

See “APPENDIX D - FORM OF BOND INDENTURE” hereto for the provisions of the Bond Indenture relating to registration, transfer, exchange and payment of the 2008 Bonds if the book-entry only form of registration is terminated.

So long as Cede & Co. is the registered owner of the 2008 Bonds as nominee of DTC, references herein to the holders or registered owners of the 2008 Bonds will mean Cede & Co. and will not mean the beneficial owners of the 2008 Bonds.

NEITHER THE ISSUER NOR THE BOND TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE 2008 BONDS, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE BOND INDENTURE, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2008 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE 2008 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2008 BONDS.

Redemption

Optional Redemption. The 2008 Bonds maturing on or before May 1, 2018 are not subject to redemption prior to their respective dates of maturity except as set forth below under “DESCRIPTION OF 2008 BONDS – Redemption - Extraordinary Optional Redemption.” The 2008 Bonds maturing after May 1, 2018 are subject to redemption at the option and direction of the Issuer, on or after May 1, 2018, prior to their stated maturity in whole or in part at any time and if in part in such order of maturities and in such proportions within a maturity as may be directed by an Authorized Issuer Representative on behalf of the Issuer, at par, without premium, together with accrued interest thereon to the date fixed for redemption.

Extraordinary Optional Redemption. The 2008 Bonds shall also be subject to redemption, at the written direction of the Issuer, in whole or in part at any time, at the par value thereof plus accrued interest to the date fixed for redemption, in the event of damage to or destruction of, or condemnation of Property, from insurance proceeds in excess of $5,000,000 or condemnation proceeds in excess of $1,000,000 received by the Master Trustee, pursuant to the terms and conditions of, and as more particularly described in, Section 3.04 of the Master Indenture. If less than all the Obligations issued under the Master Indenture are to be redeemed at any one time, the Master Trustee shall redeem the Obligations then Outstanding on a pro rata basis.

Mandatory Sinking Fund Redemption. The following requirements of mandatory sinking fund redemption are subject to the provision that any partial redemption of the 2008 Bonds under “Optional Redemption” above or under “Extraordinary Redemption” above shall reduce the mandatory scheduled redemption requirements as provided in the Bond Indenture.

The 2008 Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity in the following amounts on May 1 in the following years, for the principal amount specified below plus accrued interest to the date fixed for redemption, without premium:
### 2008 Bonds Maturing on May 1, 2022

<table>
<thead>
<tr>
<th>Year</th>
<th>Redemption Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>2020</td>
<td>1,740,000</td>
</tr>
<tr>
<td>2021</td>
<td>1,680,000</td>
</tr>
<tr>
<td>2022*</td>
<td>2,960,000</td>
</tr>
</tbody>
</table>

* Maturity Date

The 2008 Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity in the following amounts on May 1 in the following years, for the principal amount specified below plus accrued interest to the date fixed for redemption, without premium:

### 2008 Bonds Maturing on May 1, 2028

<table>
<thead>
<tr>
<th>Year</th>
<th>Redemption Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$2,975,000</td>
</tr>
<tr>
<td>2024</td>
<td>1,610,000</td>
</tr>
<tr>
<td>2025</td>
<td>6,340,000</td>
</tr>
<tr>
<td>2026</td>
<td>6,835,000</td>
</tr>
<tr>
<td>2027</td>
<td>6,400,000</td>
</tr>
<tr>
<td>2028*</td>
<td>6,110,000</td>
</tr>
</tbody>
</table>

* Maturity Date

The 2008 Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity in the following amounts on May 1 in the following years, for the principal amount specified below plus accrued interest to the date fixed for redemption, without premium:

### 2008 Bonds Maturing on May 1, 2036

<table>
<thead>
<tr>
<th>Year</th>
<th>Redemption Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2029</td>
<td>$3,305,000</td>
</tr>
<tr>
<td>2030</td>
<td>3,490,000</td>
</tr>
<tr>
<td>2031</td>
<td>3,660,000</td>
</tr>
<tr>
<td>2032</td>
<td>3,810,000</td>
</tr>
<tr>
<td>2033</td>
<td>20,485,000</td>
</tr>
<tr>
<td>2034</td>
<td>21,570,000</td>
</tr>
<tr>
<td>2035</td>
<td>22,710,000</td>
</tr>
<tr>
<td>2036*</td>
<td>23,855,000</td>
</tr>
</tbody>
</table>

* Maturity Date

The Bond Trustee will determine the principal amount of the 2008 Bonds and maturity that must be redeemed on such mandatory sinking fund redemption date after taking into account optional redemptions and extraordinary redemptions of the 2008 Bonds. The mandatory sinking fund redemption requirement for any year as stated above for the 2008 Bonds shall also be reduced by the principal amounts of any 2008 Bonds that are purchased and delivered to the Bond Trustee for cancellation by the 45th day next preceding the mandatory sinking fund redemption date.
Selection of 2008 Bonds to be Redeemed. In the case of any redemption in part of the 2008 Bonds, the 2008 Bonds to be redeemed will be selected and redeemed by the Issuer subject to the requirements of the Bond Indenture. If less than all of the 2008 Bonds outstanding are called for redemption under any provision of the Bond Indenture permitting partial redemption, the particular 2008 Bonds to be redeemed will be selected by the Bond Trustee, in such manner as the Bond Trustee in its discretion may deem fair and appropriate consistent with the requirements of the Bond Indenture described in this section under the caption “Mandatory Sinking Fund Redemption.”

Notice of Redemption. Notice of any redemption of 2008 Bonds pursuant to the Bond Indenture, either in whole or in part, will be sent by the Bond Trustee by mail, postage prepaid, not less than 30 days (see “APPENDIX D – FORM OF BOND INDENTURE”), nor more than 60 days prior to the date fixed for redemption, to all holders of the 2008 Bonds to be redeemed at their addresses as they appear on the registration books of the Bond Trustee. Each notice will (i) specify the 2008 Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which will be the designated corporate trust office of the Bond Trustee) and, if less than all of the 2008 Bonds are to be redeemed, the numbers and portions of the 2008 Bonds to be redeemed, (ii) state any condition to the redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the 2008 Bonds redeemed will cease to bear interest. CUSIP number identification will accompany all redemption notices. A failure to give such notice to any holder or any defect in such notice, however, shall not affect the validity of the proceedings for the redemption of any of the other 2008 Bonds.

The Bond Trustee will send a second notice of redemption by certified mail, return receipt requested, to any registered holder who has not submitted the 2008 Bonds called for redemption 30 days after the redemption date; provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of the proceedings for the redemption of any 2008 Bonds. In addition, the Bond Trustee will not be liable for any failure by the Bond Trustee to send any second notice.

SECURITY FOR THE 2008 BONDS

The following sections describe the security for the 2008 Bonds under the Master Indenture and the Bond Indenture.

Bond Indenture

Pursuant to the Bond Indenture, the Issuer agrees to pay the principal of, and interest on the 2008 Bonds. The Issuer’s obligations under the Bond Indenture are secured by a pledge and lien in favor of the Bond Trustee conferred by the Issuer of all of its right, title and interest in and to the Pledged Funds (as defined in the Bond Indenture) and the repayment of the 2008 Bonds is secured by Obligation No. 16 to be issued under the Master Indenture. “Pledged Funds” under the Bond Indenture includes the Construction Fund, the Bond Fund and the Redemption Fund.

Master Indenture

The Master Indenture provides for the issuance of debt obligations (the “Obligations”) by Members of the Obligated Group. The Members of the Obligated Group are jointly and severally liable for the payment of each Obligation. As of the date of issuance of the 2008 Bonds, the Issuer comprises the sole Member of the Obligated Group and is the Representative of the Obligated Group (as such terms are defined in the Master Indenture) established under and in accordance with the Master Indenture. The Master Indenture permits certain additional parties to become Members of the Obligated Group and to cease to be Members of the Obligated Group in the future upon the satisfaction of certain requirements set forth therein. The Master Indenture imposes certain covenants, restrictions and obligations upon the Members of the Obligated Group for the benefit of all holders of all Obligations issued under the Master Indenture.
Obligations

Pursuant to the Master Indenture, the Obligated Group, which includes the Issuer and future Members, if any, of the Obligated Group, agrees to pay amounts sufficient to pay the principal of, and interest on the 2008 Bonds pursuant to and as evidenced by the issuance of Obligation No. 16 under the Master Indenture to the Bond Trustee and the pledge thereof to the repayment of the 2008 Bonds. The Obligated Group will cause Obligation No. 16 to be issued under the Master Indenture for the benefit of the 2008 Bonds which will entitle the holder thereof to the protection of the covenants, restrictions and other obligations imposed upon Members of the Obligated Group by the Master Indenture.

Pledge of Gross Revenues and Accounts

The Obligations issued under the Master Indenture, including Obligation No. 16, are payable solely from, and are secured by a pledge of and a lien on, (a) the Gross Revenues (as defined in the Master Indenture) of the Issuer and any future Member of the Obligated Group that is a governmental unit possessing the power to levy ad valorem taxes (a "Government Unit"), (b) the Gross Revenues and Accounts (as defined in the Master Indenture) of any Member of the Obligated Group that is a corporation or other business entity, subject to the provisions of the Master Indenture relating to the ability of the Obligated Group to transfer and pledge such Gross Revenues and Accounts free of the lien of the Master Indenture, and (c) the MTI Pledged Funds (as defined in the Master Indenture) under the Master Indenture. Also, under the Master Indenture, the Issuer has retained the ability under certain circumstances to pledge and sell its accounts receivable free and clear of the lien of the Master Indenture.

“Gross Revenues” under the Master Indenture means (a) all revenues, income, receipts, chattel paper and money now owned or hereafter acquired by or on behalf of the Issuer or any Member of the Obligated Group, which are derived by the Issuer or such other Member of the Obligated Group from in connection with its ownership and operation of, or in connection with, its facilities, whether in the form of accounts or general intangibles or other rights, including contract rights and rights to payment (1) for goods and properties sold or leased or services rendered, (2) under agreements respecting insurance, Medicare, Medicaid, Blue Cross and under other arrangements with governmental units, agencies and instrumentalities, and prepaid health organizations, and (3) from any insurance or award or agreement in lieu of an award resulting from eminent domain proceedings, (b) investment income from and revenues realized upon liquidation or sale of securities held by or on behalf of the Issuer or such other Member of the Obligated Group including those held in any of the Pledged Funds or Accounts established pursuant to a Related Bond Indenture (as such term is defined on the Master Indenture), (c) the proceeds of those items constituting Gross Revenues to which reference is made in clauses (a) and (b) above, and (d) all gifts, grants, bequests, contributions and donations received by the Issuer or other Member of the Obligated Group, including the unrestricted income and profits therefrom, exclusive of gifts, grants, bequests, contributions and donations to the extent specifically restricted to a particular purpose inconsistent with their use for the making of payments of principal of, premium, if any and interest on the Obligations. There shall not be included in the Gross Revenues the proceeds of any borrowing if and to the extent required to be excluded by the terms of the borrowing. With respect to the Issuer or any other governmental unit with taxing power who may become a Member of the Obligated Group, “Gross Revenues” shall not include ad valorem tax receipts received pursuant to the Act.

“Accounts” under the Master Indenture means the respective accounts of the Members of the Obligated Group, as accounts are defined in Section 679.1021(b) Florida Statutes, as amended.

“MTI Pledged Funds” under the Master Indenture includes the Operating Revenue Accounts and the Gross Revenue Fund.

Additional Obligations

The Issuer has previously issued Obligations securing, to the extent outstanding the Outstanding Prior Indebtedness.

Upon the terms and conditions specified in the Master Indenture, the Master Indenture permits the Members of the Obligated Group to issue additional Obligations to parties other than the Bond
Trustee, which additional Obligations will not constitute part of the security for the 2008 Bonds but will be equally and ratably secured under the Master Indenture with Obligation No. 16 issued to secure the 2008 Bonds, except as described herein.

All Obligations issued under the Master Indenture are joint and several obligations of all Members of the Obligated Group. The obligations of the Members of the Obligated Group to pay all amounts due under Obligation No. 16 securing the 2008 Bonds and each other Obligation (including the Obligations issued to secure any Outstanding Prior Indebtedness) that may be issued by the Members of the Obligated Group from time to time under the Master Indenture are secured on a parity with one another as provided in the Master Indenture.

Additional Indebtedness

While the Bond Indenture does not allow the issuance of bonds or other indebtedness of the Issuer secured by Obligation No. 16 securing the 2008 Bonds or the Pledged Funds that are senior to or on a parity with the 2008 Bonds, subject to the terms, limitations and conditions established in the Master Indenture, each Member of the Obligated Group may incur Indebtedness by issuing Obligations under the Master Indenture or by creating Indebtedness under any other document. Additional Obligations issued under the Master Indenture shall be on a parity with all other Obligations issued thereunder, including Obligation No. 16 securing the 2008 Bonds as set forth below. The principal amount of Indebtedness created under other documents and the number and principal amount of Obligations evidencing Indebtedness that may be created under the Master Indenture are not limited, except as limited by the provisions of the Master Indenture, including particularly Section 3.06 thereof. See “APPENDIX C - MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein for certain terms and conditions applicable to the incurrence by Members of the Obligated Group of Additional Indebtedness under the Master Indenture, including Long-Term Indebtedness, Short-Term Indebtedness, Non-Recourse Indebtedness, Completion Indebtedness, Subordinated Debt, Indebtedness under a Credit Facility and Indebtedness secured by accounts receivable.

Any Member of the Obligated Group proposing to incur Long-Term Indebtedness, whether evidenced by Obligations or by evidences of Indebtedness issued or guaranties entered into pursuant to documents other than the Master Indenture, shall, at least seven (7) days prior to the date of the incurrence of such Indebtedness, give written notice of its intention to incur such Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the other Members of the Obligated Group and to the Master Trustee and any such Member (other than the Issuer) proposing to incur such Indebtedness shall obtain the written consent of the Issuer. Under the Master Indenture, Long-Term Indebtedness may be incurred if prior to incurrence of Long-Term Indebtedness there is delivered to the Master Trustee:

(i) An Officer’s Certificate of the Obligated Group Representative certifying that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year preceding the date of delivery of the certificate of the Obligated Group Representative for which there are Audited Financial Statements available taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.20; or

(ii) (A) an Officer’s Certificate of the Obligated Group Representative demonstrating that the Long-Term Debt Service Coverage Ratio for the period mentioned in clause (i) above, excluding the proposed Long-Term Indebtedness, is at least 1.10 and (B) a certificate of the Obligated Group Representative demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.15 for (x) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (y) in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the Combined Group for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements for the Combined Group are based; provided,
however, that if a report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this clause (ii) to be met, then such coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

In addition to, and not in lieu of Long-Term Indebtedness that may be incurred under the preceding paragraph, Long-Term Indebtedness may be incurred provided that immediately after giving effect to any Long-Term Indebtedness incurred as described in this paragraph, the aggregate of Long-Term Indebtedness incurred as described in this paragraph shall not exceed 15% of Total Revenues as reflected in the most recent Audited Financial Statements; provided, further, that the aggregate of the principal amount of Indebtedness Outstanding as described in this paragraph and permitted Short-Term Indebtedness and permitted Indebtedness secured by accounts receivable shall not at any time exceed 25% of Total Revenues as reflected in the most recent Audited Financial Statements.

Long-Term Indebtedness may also be incurred for the purpose of refunding any Outstanding Long-Term Indebtedness if, prior to the incurrence of such Long-Term Indebtedness, (i) if the Long-Term Indebtedness to be incurred does not constitute Cross-over Refunding Indebtedness there is delivered to the Master Trustee (A) an Officer’s Certificate of the Obligated Group Representative demonstrating that Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof or such Long-Term Indebtedness would meet the Long-Term Debt Service Coverage Ratios requirements provided above and (B) an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding; or (ii) if the Indebtedness proposed to be issued is Cross-over Refunding Indebtedness, there is delivered to the Master Trustee a certificate of the Obligated Group Representative stating that the total Maximum Annual Debt Service on the proposed Cross-over Refunding Indebtedness and the Related Cross-over Refunded Indebtedness, immediately after the issuance of the proposed Cross-over Refunding Indebtedness, will not exceed the Maximum Annual Debt Service on the Cross-over Refunded Indebtedness alone, immediately prior to the issuance of the Cross-over Refunding Indebtedness, by more than 10%.

Limitations on Creation of Liens

Each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien on Property owned or acquired by it other than Permitted Liens, as set forth in Section 3.05 of the Master Indenture. See “APPENDIX C - THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein for a description of Permitted Liens.

Rate Covenant

Under the Master Indenture, each Member of the Obligated Group will covenant to set rates and charges for its facilities, services and products such that the Net Income Available for Debt Service in each Fiscal Year shall at least equal the sum of (i) 110% of the Maximum Annual Debt Service, plus (ii) the principal and interest accruing for such Fiscal Year on all other Indebtedness payable from Gross Revenues; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such Fiscal Year. So long as the Members of the Obligated Group shall comply with the recommendations of a Consultant with respect to increasing the Net Income Available for Debt Service to the level required, the Members shall be deemed to have complied with the level required even if the level required is not met; provided, however, that the revenues and unrestricted cash and investments on hand of the Obligated Group shall not be less than the amount required to pay when due the total operating expenses of the Obligated Group and to pay when due the debt service on all Indebtedness of the Obligated Group for such Fiscal Year and further provided, however, that the Obligated Group shall not be required to retain a Consultant to make these recommendations more frequently than biennially. If Governmental Restrictions have been imposed which the Consultant
determines make it impossible for the required level of Net Income Available for Debt Service to be attained, then such required level shall be reduced to the maximum level permitted by such Governmental Restrictions but in no event less than 100% and thereafter, for so long as such Governmental Restrictions remain in effect, a report from the Consultant confirming that such Governmental Restrictions make it impossible to attain the required levels shall be delivered to the Master Trustee biennially.

**Sale, Lease or Other Disposition of Operating Assets**

Each Member of the Obligated Group will agree that it will not transfer Operating Assets in any Fiscal Year (or other 12-month period for which Financial Statements are available) except for Transfers of Property described in Section 3.08 of the Master Indenture. See “APPENDIX C - THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein for a description of permitted Transfers of Property.

**Consolidation, Merger, Sale or Conveyance**

Each Member of the Obligated Group will covenant that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person that is not a Member of the Obligated Group unless:

(i) Either a Member of the Obligated Group will be the successor entity, or if the successor entity is not a Member of the Obligated Group, such successor entity shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor entity to assume the due and punctual payment of the principal of premium, if any, and interest on all Outstanding Obligations issued under the Master Indenture according to their tenor and the due and punctual performance and observance of all the covenants and conditions of the Master Indenture any MTI Supplement thereto; and

(ii) There is delivered to the Master Trustee an Officer’s Certificate of the Obligated Group Representative indicating that no Member of the Obligated Group immediately after such merger or consolidation, or such sale or conveyance, would be in default in the performance or observance of any covenant or condition of the Master Indenture; and

(iii) If all amounts due or to become due on any Related Bond or Related Certificate which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond or Related Certificate would not adversely affect the exclusion of interest payable on such Related Bond from the gross income of the holder thereof for purposes of federal income taxation; and

(iv) There is delivered to the Master Trustee an Officer’s Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test.

As used in the Master Indenture, “Transaction Test” means, for purposes of any consolidation, merger, sale or conveyance (a “Merger”), a party becoming a Member of the Obligated Group (an “Admission”), a withdrawal from the Obligated Group (a “Withdrawal”), the designation of a Restricted Affiliate (a “Designation”) or the release of a Restricted Affiliate (a “Release”), any of the following: (A) an Officer’s Certificate of the Obligated Group Representative demonstrating that certain conditions in the Master Indenture for the issuance of an additional one dollar ($1.00) of Additional Indebtedness have been satisfied, assuming such Merger, Admission, Withdrawal, Designation or Release, as applicable, had occurred, at the beginning of the most recent period of 12 full consecutive calendar months for which Audited Financial Statements are available, or (B) a written report of a Consultant indicating that the forecasted average Long-Term Debt Service Coverage Ratio for the two periods of 12 full consecutive calendar months succeeding the proposed date of such Merger, Admission, Withdrawal, Designation or
Release, as applicable is greater than 1.10, or (C) an Officer’s Certificate of the Obligated Group Representative demonstrating that the unrestricted fund balance (or excess of assets over liabilities, as the case may be) of the Obligated Group after giving effect to said Merger, Admission, Withdrawal, Designation or Release, as applicable is not less than 90% of the unrestricted fund balance (or excess of assets over liabilities, as the case may be) of the Obligated Group prior to such Merger, Admission, Withdrawal, Designation or Release, as applicable, as reflected in the most recent Audited Financial Statements. See “APPENDIX C - FORM OF THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein, particularly Section 3.09 of the Master Indenture, for further provisions of the Master Indenture relating to consolidation, merger, sale or conveyance.

Combined Financial Statements

The financial statements of the Members of the Combined Group will be combined for financial reporting purposes and will be used in determining whether certain covenants and tests in the Master Indenture are satisfied, but see “BONDHOLDERS’ RISKS - Risks Related to Obligations Issued under the Master Indenture” herein for a description of certain potential limitations as to the enforceability of the covenants of the Members of the Obligated Group in the Master Indenture to be jointly and severally liable for each Obligation issued thereunder. The Combined Group consists of the Members of the Obligated Group and Restricted Affiliates. There are currently no Restricted Affiliates. See also “APPENDIX C - THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein.

Additional Members of Obligated Group

Persons which are not Members of the Obligated Group may, with the prior written consent of the Obligated Group Representative, become Members of the Obligated Group upon satisfaction of the requirements set forth in Section 3.11 of the Master Indenture. See “APPENDIX C — THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein. Among the applicable requirements, there shall be filed with the Master Trustee an Officer's Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test. See “SECURITY FOR THE 2008 BONDS — Consolidation, Merger, Sale or Conveyance” above for a description of the Transaction Test.

Withdrawal from the Obligated Group

The Issuer may not withdraw from the Obligated Group. A Member of the Obligated Group, other than the Issuer, may withdraw from the Obligated Group only upon satisfaction of the requirements of Section 3.12 of the Master Indenture. See “APPENDIX C — THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein. Among the requirements of Section 3.12 of the Master Indenture for such withdrawal is delivery to the Master Trustee of an Officer’s Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test. See “SECURITY FOR THE 2008 BONDS — Consolidation, Merger, Sale or Conveyance” above for a description of the Transaction Test.

Restricted Affiliates and Limited Obligors

Conditions for designation and release of Restricted Affiliates of the Obligated Group and for Limited Obligors are set forth at Sections 3.15, 3.15 and 3.16 of the Master Indenture, respectively. See “APPENDIX C — THE MASTER TRUST INDENTURE AND FORM OF SUPPLEMENTAL INDENTURE NO. 16” herein. Among the applicable requirements, there shall be filed with the Master Trustee an Officer's Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test; provided that with respect to the Restricted Affiliates, the term “Combined Group” is substituted for the term “Obligated Group” in the Transaction Test. The term Combined Group means collectively the Obligated Group and Restricted Affiliates.
OUTSTANDING LONG TERM DEBT

In 1998, the Issuer issued $10,000,000 aggregate principal amounts of its 1998 Revenue Certificate, of which $6,000,000 aggregate principal amount is currently outstanding. The proceeds of the 1998 Revenue Certificate, together with other available funds, financed the completion construction of three (3) additional floors and the renovation of other areas on the first floor at Memorial Hospital West located in Pembroke Pines, Florida.

In 2000, the Issuer issued $10,000,000 aggregate principal amounts of its 2000 Revenue Certificate, of which $8,394,174 aggregate principal amount is currently outstanding. The proceeds of the 2000 Revenue Certificate, together with other available funds, financed the renovation, improvement and equipping of certain portions of the District’s Hospital Facilities and the acquisition of certain equipment for the District’s Hospital Facilities.

In 2001, the Issuer issued $10,000,000 aggregate principal amounts of its 2001 Revenue Certificate, of which $7,200,000 aggregate principal amount is currently outstanding. The proceeds of the 2001 Revenue Certificate, together with other available funds, financed the renovation, improvement and equipping of certain portions of the District’s Hospital Facilities and the acquisition of certain equipment for the District’s Hospital Facilities.

In 2002, the Issuer issued $120,000,000 aggregate principal amount of its 2002 Bonds, none of which is currently outstanding. The proceeds of the 2002 Bonds, together with other available funds, financed the cost of expansion and renovation of the adult and pediatric emergency departments, imaging and surgical services departments at Memorial Regional Hospital and Memorial Hospital West, expansion of the Cardiovascular Institute, renovation of medical/surgical nursing units at Memorial Regional Hospital and expansion of the bed tower at Memorial Hospital West. The 2002 Bonds have been refunded in full from a portion of the proceeds of the 2007 Bonds and other available funds of the Issuer.

In 2003, the Issuer issued $39,945,000 aggregate principal amount of its 2003A Bonds, of which $20,375,000 aggregate principal amount is currently outstanding, and $32,625,000 aggregate principal amount of its 2003C Bonds, none of which is currently outstanding. The proceeds of the 2003A Bond and the 2003C Bonds, together with other available funds, were applied to refund and defease all of the Issuer’s Outstanding Hospital Revenue and Refunding Revenue Bonds, Series 1993 (the “1993 Bonds”). The proceeds of the 1993 Bonds, together with other available funds, financed the cost of renovating the main campus of Memorial Regional Hospital, constructing and equipping the community health and fitness and rehabilitation center on the Memorial Hospital West campus, expanding and renovating certain portions of Memorial Hospital West, adding beds at Memorial Manor Nursing Home, acquiring and establishing certain outpatient and other healthcare facilities and the related property, other property and equipment purchases, and defeased a portion of the Issuer’s Hospital Revenue Bonds, Series 1986. The 2003C Bonds have been refunded in full from a portion of the proceeds of the Refunded Debt of the Issuer.

In 2003, the Issuer also issued $5,065,000 aggregate principal amount of its 2003B Bonds, of which $3,135,000 aggregate principal amount is currently outstanding. The proceeds of the 2003B Bonds, together with other available funds, financed the costs of acquisition, construction and equipping of certain improvements to the Hospital Facilities, including the reimbursement of certain moneys advanced by the Issuer. The 2003A Bonds and the 2003B Bonds are referred to herein collectively as the “2003 Bonds.”

In 2004, the Issuer issued $60,000,000 aggregate principal amount of its 2004A Bonds, none of which is currently outstanding, and $60,000,000 aggregate principal amount of its 2004B Bonds, none of which is currently outstanding. The proceeds of the 2004A Bonds and the 2004B Bonds, together with other available funds, were applied to finance the costs of acquisition, construction and equipping of a 128-bed acute care hospital in Miramar, Florida, and certain other improvements for the Issuer and its existing Hospital Facilities, including the reimbursement of certain moneys advanced by the Issuer, and to currently refund and defease all of the Issuer’s Outstanding Hospital Revenue Certificates, Series 1997 and Series 1999 (the “1997 Revenue Certificate” and the “1999 Revenue Certificate,” respectively). The proceeds of the 1997 Revenue Certificate, together with other available funds, financed the construction of three (3) additional floors and the renovation of other areas on the first floor at Memorial Hospital West.
located in Pembroke Pines, Florida. The proceeds of the 1999 Revenue Certificate, together with other available funds, financed the acquisition of certain real property located in Hollywood, Florida, the renovation, improvement and equipping of certain portions of the District’s Hospital Facilities and the acquisition of certain equipment for the District’s Hospital Facilities. The 2004A Bonds and 2004B Bonds have been refunded in full from a portion of the proceeds of the Refunded Debt of the Issuer.

In 2006, the Issuer issued $120,000,000 aggregate principal amount of its 2006 Bonds, all of which is currently outstanding. The proceeds of the 2006 Bonds, together with other available funds, were applied, in part, to reimburse the Issuer for prior capital expenditures totaling $53,949,190.18. These expenditures were for (i) the costs of acquisition, construction and equipping of the laboratory, breast oncology center, administration and command center and energy plant at Memorial Regional Hospital; (ii) the costs of acquisition and construction for hurricane preparedness, operating rooms and the renovation of the cancer center and fitness training facility at Memorial Hospital West; (iii) the costs of construction of Memorial Hospital Miramar that were not financed as part of the Issuer’s 2004A Bonds and 2004B Bonds, and; (iv) the acquisition and installation of routine equipment purchases for the Issuer’s Hospital Facilities and all necessary equipment for the aforementioned capital improvements. In addition, a portion of the proceeds of the 2006 Bonds, together with other available funds, were applied to provide for the current refunding of the Issuer’s Hospital Refunding Revenue Bonds, Series 1996 (the “1996 Bonds”).

In 2007, the Issuer issued $112,745,000 aggregate principal amount of its 2007 Bonds, all of which is currently outstanding. The proceeds of the 2007 Bonds, together with other available funds, were applied, to refund and defease all of the Issuer’s Hospital Revenue Bonds, Series 2002 (the “2002 Bonds”). The proceeds of the 2002 Bonds, together with other available funds, financed the cost of expansion and renovation of the adult and pediatric emergency departments, imaging and surgical services departments at Memorial Regional Hospital and Memorial Hospital West, expansion of the Cardiovascular Institute, renovation of medical/surgical nursing units at Memorial Regional Hospital and expansion of the bed tower at Memorial Hospital West.

On March 1, 2008, the Issuer entered into a Loan Agreement with Bank of America, National Association, and executed a promissory note dated as of March 24, 2008 to evidence the Refunded Debt, of which $152,625,000 aggregate principal amount is currently outstanding, which debt was incurred for the purpose of refunding its (i) 2003C Bonds, (ii) 2004A Bonds, and (iii) 2004B Bonds.

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DEBT SERVICE REQUIREMENTS

Set forth below are the estimated annual combined debt service requirements for the Outstanding Prior Indebtedness and other Long-term Indebtedness (collectively, the "Outstanding Long-Term Debt") after the refunding of the Refunded Debt and issuance of the 2008 Bonds beginning in Fiscal Year ending April 30, 2009.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Outstanding Long-Term Debt Service (1)</th>
<th>2008 Bonds</th>
<th>Total Estimated Aggregate Annual Debt Service</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2009</td>
<td>21,979,173</td>
<td>1,580,000</td>
<td>7,773,250</td>
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<tr>
<td>2010</td>
<td>22,381,267</td>
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<td>2011</td>
<td>22,422,626</td>
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<td>22,517,392</td>
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<td>22,521,047</td>
<td>1,770,000</td>
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<td>2014</td>
<td>22,517,392</td>
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<td>2019</td>
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(1) Estimated annual debt service is shown. Excludes the Other Outstanding Debt being refinanced by the 2008 Bonds.
Interest cost for the 2001 Revenue Certificate assumes a 3.0% interest rate.
For purposes hereof, the Issuer has included the lease payments for its lease with Hospital Realty, LLC for Memorial Hospital Pembroke as capitalized lease payments.

BONDHOLDERS’ RISKS

General

As set forth under "SECURITY FOR THE 2008 BONDS" the principal of, premium, if any, and interest on the 2008 Bonds are payable solely from Obligation No. 16 which is payable solely from the Gross Revenues of the Issuer and future Members of the Obligated Group and from the Accounts of any Members of the Obligated Group that are not governmental entities and from the MTI Pledged Funds as provided in the Master Indenture and the Pledged Funds as provided in the Bond Indenture. The revenues and expenses of the Issuer and future Members of the Obligated Group are subject to, among other things, the capabilities of the management of the Issuer and each Member, the confidence of...
physicians in management, the availability of physicians and trained support staff, changes in the population or the economic condition of the Issuer's service area, the level of and restrictions on federal funding of Medicare and federal and state funding of Medicaid, imposition of government wage and price controls, the demand for the Issuer's and each Member's services, competition, rates, government regulations and licensing requirements, inflation and future economic and other conditions which are unpredictable and may not be quantifiable or determinable at this time. No representation or assurance is given or can be made that Gross Revenues will be realized by the Issuer or any Member in amounts sufficient to pay debt service on the 2008 Bonds when due and to make payments necessary to meet the other obligations of the Issuer or any Member.

Some of the identifiable risks which should be considered when making an investment decision regarding the 2008 Bonds are discussed below. Such discussion is not, and is not intended to be, exhaustive.

**Government Regulation of the Health Care Industry**

A significant portion of the revenues of the Issuer is derived from government reimbursement programs including, in particular, the Medicare and Medicaid programs. During both fiscal years ended April 30, 2006 and 2007, Medicare accounted for 19% of the Issuer's gross charges. In 2006 and 2007 Medicaid accounted for 12% and 10%, respectively of the Issuer's gross charges. Medicare is a federal program of insurance which, in general, provides for payment of hospital and certain other medical costs of persons who are 65 years of age and older, are disabled or who have end-stage renal (kidney) disease. Medicaid is the commonly accepted name for the hospital reimbursement program created by certain provisions of the federal Social Security Act to benefit indigent persons who are aged, blind or disabled, or members of families who are eligible for Temporary Cash Assistance. Medicaid is a combined federal and state program. In addition to the Medicare and Medicaid programs, the Issuer and the health care industry in general are subject to regulation by a number of governmental agencies which affect the provision, administration and payment of health care services on both a national and local basis. Health care providers, including the Issuer (and any future Members of the Obligated Group), have been and will be affected significantly by changes that have occurred in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. See “REGULATION OF THE HEALTH CARE INDUSTRY.”

**Licenses, Certificates and Accreditations**

The health care facilities of the Issuer are subject to regulatory action and policy changes by governmental and private agencies that administer Medicare, Medicaid and third-party payment programs, as well as action by, among others, the Public Employee Relations Commission, the Joint Commission on Accreditation of Healthcare Organizations (“JCAHO”) and other federal, state and local government agencies. The Issuer currently anticipates no difficulty in renewing or maintaining currently held licenses, certifications or accreditations, and does not anticipate a reduction in third-party payments that would materially and adversely affect its operations or financial condition due to licensing, certification or accreditation difficulties. Nevertheless, actions in any of these areas could result in a reduction in utilization, revenues or both, or the inability of the Issuer (and any future Members of the Obligated Group) to operate all or a portion of such facilities, and, consequently, could adversely affect the financial condition of the Issuer (and any future Members of the Obligated Group).

**Health Care Reform**

State and federal legislation has been introduced from time to time to reform the health care delivery system, including payment provisions. The objective of such proposed legislation has been to substantially alter the health care delivery system. If national reform legislation is enacted, the Issuer may benefit from certain provisions thereof, and, conversely, may be adversely affected by other provisions. The Issuer cannot anticipate the aggregate effect of any legislative reform proposals upon its operations or financial condition.
Florida Certificate of Need

The Health Facilities and Health Services Planning Act of the State of Florida provides for a certificate of need program which applies to, among other matters, the offering or development of new institutional health services. The certificate of need program in Florida is administered by the Florida Agency for Health Care Administration (the “AHCA”). Florida's certificate of need program requires, among other things, the AHCA's review of proposed health care related projects by or on behalf of the Issuer (and any future Members), including, but not limited to new construction, or establishment of additional healthcare facilities, and proposed additions by or on behalf of the Issuer (and any future Members) under certain conditions. If the Issuer (and any future Members) were to proceed with a future capital expenditure program which required a certificate of need but for which a certificate of need had not been obtained, the Issuer (and any future Members) would be in violation of Florida's certificate of need program, and guilty of a misdemeanor of the second degree. No assurance can be given as to the Issuer's (and any future Members) ability to obtain certificate of need approval of future projects necessary for the maintenance of competitive rates and charges or quality and scope of care.

The Governor of the State of Florida has called for the de-regulation for the certificate of need requirement for new hospitals. A compromised version of the Governor's bill was passed in the most recent Florida Legislature, which convened on May 2, 2008. The bill that was passed does not eliminate health planning for new hospitals or deregulate new or replacement hospitals; rather, it simply streamlines and expedites the certificate of need review and litigation process.

Commercial Insurance and Managed Care

During the fiscal years ended April 30, 2006 and 2007, the Issuer's commercial and managed care insurance programs accounted for 53% and 54%, respectively of the Issuer's gross charges. In each of the fiscal years ended April 30, 2006 and 2007, the managed care programs involved over 60 managed care contracts which provide for reimbursement under several methodologies. Commercial insurers and managed care programs may in the future revise their payment methodology to reduce the amounts paid to hospitals or to reduce the rate of increase in payments. No assurance can be given that the number of patients using the services of the Issuer (and any future Members) which participate in managed care programs will remain unchanged. An increase in the use of such plans or the loss of managed care contracts could adversely impact the Issuer's (and any future Members) patient service revenues.

Possible Increased Competition

The Issuer (and any future Member) could face increased competition in the future from other providers of health care that offer health care services to the population which the Issuer (and any future Member) services. This could include the construction of new, or the renovation of existing, hospitals, health maintenance organization facilities, ambulatory surgical centers and other ambulatory care facilities, free standing emergency facilities, and private laboratory and radiological services. Limitations on, or the elimination of, the State of Florida's existing planning system could result in the entry of additional providers of health care in the Issuer's (and any future Member) service area and affect its ability to attract physicians and patients. For example, there has been an ongoing effort to eliminate or relax many of Florida's certificate of need requirements for many years, with limited success. A reduction in the application of certificate of need requirements could increase competition for the Issuer (and any future Member). There are some services that could be provided by others which could be substituted for some of the revenue generating services offered by the Issuer (and any future Member). For example, home care, intermediate nursing care, preventive care, ambulatory care and drug and alcohol abuse programs are services that could serve as substitutes for hospital treatment.

Managed Care Organizations

Health maintenance organizations, preferred provider organizations and other managed health care systems (collectively, “Managed Care Organizations”) are providers of health care coverage significantly different from traditional indemnity insurers. Managed Care Organizations represent a broad continuum of systems generally designed to favorably affect the cost, the site and/or the utilization of
health care services from a patient standpoint. As such, they include health maintenance organizations, which generally accept uniform per-employee payments from employers and/or employees with fees based on the number of enrollees and in return agree to provide all, or substantially all, of an enrollee’s health care needs, and preferred provider organizations, which generally negotiate favorable prices with providers and thus create preferred provider arrangements. Managed Care Organizations often rely upon case management analysis to reduce utilization of health care services, including discouraging an enrollee’s admission to a hospital unless determined to be absolutely necessary. As Managed Care Organizations enrollment increases, such entities also become significant purchasers of health care services from hospitals and other providers enabling them to negotiate separate pricing terms and select health providers offering the most cost-effective services. Such case and cost management efforts on behalf of Managed Care Organizations may adversely affect utilization of the Hospital Facilities and/or patient revenues.

Certain Managed Care Organizations currently pay health care facilities on a discounted fee-for-service basis or on a discounted fixed rate per day of care. The discounts offered to Managed Care Organizations may result in payment at less than actual cost and the volume of patients directed to a health care facility under a Managed Care Organizations contract may vary significantly from projections. In cases where a Managed Care Organization is a major purchaser of services from a particular health care facility operated by the Issuer (or any future Member), a contract rate reduction, contract cancellations, inability to pay, failure to make prompt payment, difficulty in meeting solvency thresholds, business failure or bankruptcy of the Managed Care Organization may have a substantial negative effect on such Issuer’s (or any future Member’s) financial condition.

In recent years, a number of Managed Care Organizations have become insolvent or experienced financial pressure or cash flow issues. Such plans range in size from smaller local provider-based plans to some of the largest plans in the United States. These plans include traditional indemnity insurers, as well as health maintenance organizations and preferred provider organizations. Managed Care Organizations that experience financial pressure may slow payment to providers, withhold pay entirely, or utilize claims payment methodology that systematically reduces compensation on a per claim basis. Managed Care Organizations that become insolvent may seek either federal bankruptcy or state insurance insolvency protection. Such bankruptcy or insurance insolvency protection may require that providers repay certain claims to the Managed Care Organization, or result in certain claims becoming uncollectible. It is not possible at this time to predict the future of the managed care industry in general or of specific third-party payors, or to predict what impact the state of the financial health of such organizations might have on the Issuer.

State of Florida Budget

As a result of the decline in forecasted revenues for the State of Florida, the 2008 Florida Legislature has proposed approximately $550 - $600 million in cuts to the Medicaid Program statewide. The Issuer currently estimates its share if cuts in its Medicaid Program payments to be approximately $6-7 million.

Property Tax Reform

Certain legislation passed by the Florida Legislature in 2007 and a constitutional amendment passed by voters in 2008 has resulted in a decline and limitations on the amount of taxes the Issuer can levy. While tax revenues are not pledged as Security for the Bonds, tax revenues are used by the Issuer to defray the costs of uncompensated care.

Uncompensated Care

Hospital providers across the country continue to see a rise in uncompensated care. The Issuer, like many other hospitals in South Florida, has seen a marked increase in the amounts of uncompensated care. The cost of uncompensated care has typically been absorbed by a combination of tax revenues and margins generated by contracts with managed care organizations. Increases in contracted reimbursement rates may not be sufficient to fully offset the increased cost of uncompensated care.
Physician Relationships

The Issuer has implemented a Physician Hospital Organization ("PHO") in its hospitals. The PHO is a not-for-profit corporation governed by a board consisting of physician staff members and representatives of the Issuer. This PHO is organized to deliver quality, cost effective medical care, and to contract with third party payors who find the PHO constitutes a superior medical care delivery system.

It is the current policy of the Issuer to employ physicians only in order to (i) enhance the Issuer’s economics, and (ii) provide a service that is absolutely necessary in the Hospital Facilities. The Issuer will continue to pursue private sector alternatives with respect to physician service needs. If the private sector alternatives do not meet the Issuer’s needs, physician employment will be considered. Each physician employment situation will be evaluated on an individual, case by case basis.

The primary relationship between a hospital and physicians practicing in such hospital is through the hospital’s organized medical staff. Medical staff bylaws, rules, and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges, or who have such membership or privileges curtailed, denied or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of its medical staff may result in hospital liability to third parties. All hospitals, including the Hospital Facilities, are subject to such risks.

Audits, Exclusions, Fines, Withholds and Enforcement Actions

Health care facilities participating in Medicare and Medicaid are subject to audits and retroactive audit adjustments by fiscal intermediaries under the Medicare and Medicaid programs. From an audit, a fiscal intermediary may conclude that services may not have been provided under the direct supervision of a physician (to the extent so required), that a patient should not have been characterized as an inpatient, that certain services provided prior to admission as an inpatient should not have been billed as outpatient services or that certain required procedures or processes were not satisfied, or that certain costs were unreasonable, not allowable, not incurred or incorrectly classified. As a consequence, payments may be retroactively disallowed. Regulations also provide for withholding of payments in certain circumstances, and such withholdings could have a substantial adverse effect on the financial condition of the Issuer (or any future Member). Under certain circumstances, payments made may be determined to have been made as a consequence of improper claims subject to the federal and state False Claims Act or other federal statutes, subjecting the health care facilities to civil or criminal sanctions.

Environmental Laws Affecting Health Care Facilities

Health care facilities are subject to a wide variety of federal and local environmental and occupational health and safety laws and regulations that address, among other things, health care operations or facilities and properties owned or operated by health care providers. Among the types of regulatory requirements faced by health care facilities are air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos, polychlorinated biphenyls and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; and requirements for training employees in the proper handling and management of hazardous materials and wastes. In their role as owners and operators of properties or facilities, Issuer (or any future Member) may be subject to liability for investigating and remedying any hazardous substances that have come to be located on their property, including any such substances that may have migrated off of the property. Typical hospital operations include, in various combinations, the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants or contaminants. For these reasons, health care operations are particularly susceptible to the practical, financial and legal risks associated with compliance with such laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations or increase their cost or both; may result in legal liability, damages, injunctions or fines; or may trigger investigations, administrative proceedings, penalties or other government agency actions. There
can be no assurance that the Issuer (or any future Member) will not encounter such risks in the future, and such risks may result in material adverse consequences to the operations or financial condition of the Issuer (or any future Member).

**Antitrust**

Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities and certain pricing or salary setting activities, as well as other areas of activity. The application of the federal and state antitrust laws to health care is still evolving, and enforcement activity by federal and state agencies appears to be increasing. Violators of the antitrust laws may be subject to criminal and/or civil enforcement by federal and state agencies, as well as by private litigants in certain instances. At various times, the Issuer (and any future Members) may be subject to an investigation or inquiry by a governmental agency charged with the enforcement of the antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. Common areas of potential liability are joint action among providers with respect to payor contracting and medical staff credentialing. With respect to payor contracting, the Issuer (and any future Members) may, from time to time, be involved in joint contracting activity with hospitals, physicians or other providers. The precise degree, if any, to which this or similar joint contracting activities may expose the participants to antitrust risk is dependent on a myriad of factual matters. Physicians who are subject to adverse peer review proceedings may file federal antitrust actions against hospitals and seek treble damages. Health care providers, including the Issuer (and any future Members), regularly have disputes regarding credentialing and peer review, and therefore may be subject to liability in this area. In addition, health care providers occasionally indemnify medical staff members who are involved in such credentialing or peer review activities, and may, therefore, also be liable with respect to such indemnity.

**Possible Staffing Shortages**

In recent years, the healthcare industry has suffered from a scarcity of nursing and other qualified health care technicians and personnel. Factors underlying this trend include a decrease in the number of persons entering the nursing profession, and the aging of the nurse workforce. The cost of living in South Florida has caused migration of staff to other parts of the state or country. Any of these factors may be expected to intensify in the future, aggravating the shortage of nursing personnel or other qualified health care technicians and personnel. This trend could force the Issuer (and any future Members) to pay higher than anticipated salaries to nursing and other qualified health care technicians and personnel as competition for such employees intensifies and, in an extreme situation, could lead to difficulty in keeping the facilities licensed to provide nursing care and thus eligible for reimbursement under Medicare and the various state Medicaid programs.

**Malpractice and General Liability Insurance**

In recent years, the number of malpractice and general liability suits and the dollar amount of damage recoveries have increased nationwide, resulting in substantial increases in insurance premiums. Actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals. Insurance does not provide coverage for judgments for punitive damages. Although there are various medical malpractice claims, both threatened and pending, against the Issuer, the Issuer believes that its sovereign immunity protection for all claims over $100,000 per person, or over $200,000 per incident, existing funding levels and coverage limits adequately cover any such liability exposures and the final disposition of any such claims will not have a material adverse effect upon the financial condition of the Issuer, in the aggregate. Should judgments or settlements exceed insurance coverages or self-insurance reserves, it could have a material adverse effect on the financial condition of the Issuer. Moreover, the Issuer is unable to predict the cost or availability of any such insurance in the future.

**Property and Casualty Insurance**

Under the Master Indenture, the Issuer is required to maintain insurance coverage (that may include one or more self-insurance programs considered to be adequate) covering such risks, in such amounts and with such deductibles and co-insurance provisions as in the judgment of the Issuer are
adequate to protect it and the Health Care Facilities and Issuer operations. Recent hurricane seasons and the performance of the stock markets have reduced the capacity of the insurance industry in general, which has led to increased premiums and reduced coverage for purchasers of insurance. The Issuer, in consultation with its insurance consultants, did not purchase windstorm coverage, with the exception of $48 million in wind coverage for its leased facility (Memorial Hospital Pembroke), as the available coverage and premium levels were deemed not commercially reasonable. The Issuer maintains all property coverage for all other perils. The Issuer believes that the current coverage limits provide reasonable coverage under the circumstances to protect the property of the Issuer. Nevertheless, should losses exceed insurance coverages, it could have a material adverse effect on the financial condition of the Issuer. Moreover, the Issuer is unable to predict the cost or availability of any such property and casualty insurance when its current coverage expires.

Changes Due to Technology and Services

Scientific and technological advances, new procedures, drugs and appliances, preventive medicine, occupational health and safety, and outpatient health care delivery may reduce utilization and revenues of the Issuer in the future. Technological advances in recent years have accelerated the trend toward the use by hospitals of sophisticated and costly equipment and services for diagnosis and treatment. The acquisition and operation of certain equipment or services may continue to be a significant factor in hospital utilization, but the ability of the Issuer to offer such equipment or services may be subject to the availability of equipment or specialists, governmental approval or the ability to finance such acquisitions or operations.

Risks Related to Obligations Issued under the Master Indenture

The obligations of the Members of the Obligated Group under the Obligations issued under the Master Indenture will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors’ rights and as additionally described below. Currently, the Issuer is the sole Member of the Obligated Group, but additional Members may be admitted as described under “SECURITY FOR THE 2008 BONDS -- Additional Members of Obligated Group” herein.

The state of insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of guaranties or obligations issued by a corporation in favor of the creditors of another, or the obligation of a Member of the Obligated Group to make debt service payments on behalf of another Member of the Obligated Group, is unsettled. The ability to enforce an Obligation issued under the Master Indenture or the nature of such joint and several obligations under the Master Indenture against any Member of the Obligated Group which would be rendered insolvent thereby could be subject to challenge. A Member of the Obligated Group may not be required to make any payment or to provide for the payment of any guaranty, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group, to the extent that such transfer would render such Member insolvent or which would conflict with, not be permitted by or is subject to recovery for the benefit of other creditors of such Member under applicable laws. In particular, such obligations may be voidable under the United States Bankruptcy Code or applicable state fraudulent conveyance statutes if the obligation is incurred without “fair” or “fairly equivalent” consideration to the obligor and if the incurrence of the obligation thereby renders a Member of the Obligated Group insolvent.

The standards for determining the fairness of consideration and the manner of determining insolvency are not clear and may vary under the United States Bankruptcy Code, state fraudulent conveyance statutes and applicable judicial decisions. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under state fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other bases therefor, (i) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (ii) the guaranty renders the guarantor insolvent, as provided in the United States Bankruptcy Code or state fraudulent conveyance statutes, or the guarantor is undercapitalized. There is no clear precedent in the law as to whether such payments from a Member of the Obligated Group in order to make a payment pursuant to the Obligation issued to secure the 2008 Bonds may be voided by a
trustee in bankruptcy in the event of bankruptcy of such Member, or by third party creditors in an action brought pursuant to state fraudulent conveyance statutes.

Application by courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. It is possible that, in an action to enforce the covenant of a Member of the Obligated Group to make payment under the Obligation issued to secure the 2008 Bonds, a court might not enforce such a covenant in the event it is determined that sufficient consideration for such Obligation was not received or that the incurrence of such Obligation has rendered or will render such Member insolvent or at the time of incurrence of any Obligation under the Master Indenture, such Member was undercapitalized.

In addition, a court could determine, in the event of the bankruptcy of a Member of the Obligated Group, that payments made on the Obligation issued to secure the 2008 Bonds by any Member of the Obligated Group could constitute payments to or for the benefit of an insider, within the meaning of Section 547(b) of the United States Bankruptcy Code, which payments, if made during the one year period prior to the date of the filing of the petition in bankruptcy with respect to the bankrupt Member of the Obligated Group could be recovered by the trustee in bankruptcy from the holders of the 2008 Bonds.

The accounts of the Issuer and any future Members of the Obligated Group will be combined for purposes of determining whether certain covenants and tests contained in the Master Indenture (including tests relating to the incurrence of additional Indebtedness under the Master Indenture) are met, notwithstanding uncertainties, discussed above, as to the enforceability of certain Obligations of the Members of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Members of the Obligated Group for payment of debt service on the Obligation issued to secure the 2008 Bonds or other indebtedness.

Matters Relating to Security for the Bonds

Although Gross Revenues of the Issuer (and any future Member that is a Governmental Entity) do not include ad valorem tax receipts of the Issuer (and any future Member that is a Governmental Entity) and although the Issuer (and any future Member that is a Governmental Entity) has not pledged (and lacks the legal authority to pledge) its taxing power to the repayment of the 2008 Bonds, the ad valorem tax receipts of the Issuer (and any future Member that is a Governmental Entity) are taken into account in determining Issuer compliance with various financial covenants set forth in the Master Indenture.

The holders of not less than 51% of the principal amount of the Outstanding 2008 Bonds may consent to certain amendments to the Bond Indenture that may adversely affect the security of the 2008 Bondholders. Likewise, subject to certain restrictions, the holders of not less than 51% of the principal amount of the Obligations Outstanding may consent to certain amendments to the Master Indenture that may adversely affect the security of the holder of Obligation No. 16 issued to secure the 2008 Bonds, namely the Bond Trustee, and, derivatively, the security of the 2008 Bondholders.

The realization of any rights upon a default under the Master Indenture or the Bond Indenture will depend upon the exercise of various remedies specified in the Master Indenture and the Bond Indenture, respectively. Any attempt by the Master Trustee or the Bond Trustee to enforce such remedies may require judicial action, which is often subject to discretion and delay. Under existing law, certain of the legal and equitable remedies specified in the Master Indenture and the Bond Indenture may not be readily available.

The Issuer's facilities are designed primarily as healthcare facilities and are not composed of general purpose buildings and equipment. Consequently, it could be difficult to find a buyer or lessee for such facilities, other than one engaged in providing health care, if it were necessary to proceed against such facilities pursuant to a judgment. In addition, certain of the Issuer's property is subject to deed, subdivision and zoning restrictions and may also be considered essential public property that is not subject to sale.
Other Bondholders’ Risks

The following factors, among others, may also affect the operations or financial performance of the Issuer (and any future Member):

(a) Development of health maintenance organizations or preferred provider organizations and labor contracts, legislation, regulations or employers encouraging or requiring the use of such organizations as an alternative to the use of the Issuer (or any future Member) and like institutions for the delivery of health care services;

(b) Medical and other scientific advances resulting in decreased usage of hospital facilities or services, including those of the Issuer (or any future Member);

(c) Limitations on the availability of physician, nursing and technical personnel;

(d) Decreases in, or changes to, the population within the service area of the Issuer (or any future Member);

(e) The effect of any future unionization of the Issuer's employees (or the employees of any future Members), strikes and other related work actions, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, interpersonal torts (such as between employees, between physicians or management and employees, or between employees and patients), and other risks that may flow from the relationships between employer and employee or between physicians, patients and employees;

(f) Increased unemployment or other adverse economic conditions which could increase the proportion of patients who are unable to pay fully for the cost of their care;

(g) Increased efforts by insurers and governmental agencies to limit the cost of hospital services (including, without limitation, the implementation of a system of prospective review of hospital rate changes), to reduce the number of hospital beds and to reduce utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety, and outpatient care;

(h) Imposition of wage and price controls for the health care industry, such as those that were imposed in the early 1970s which adversely affected many health care institutions;

(i) The ability of, and the cost to, the Issuer (and any future Members) to continue to insure or otherwise protect itself against malpractice, property utilization, fire, automobile and general comprehensive liability claims;

(j) Loss of, or change in, accreditation from the Joint Commission (previously, the Joint Commission on Accreditation of Healthcare Organizations) or other accrediting agencies;

(k) Legislation or changes in revenue rulings governing the not-for-profit or tax-exempt status of charitable corporations, including without limitation, requirements to provide increased indigent care at reduced rates or without charge, restrictions on physician recruitment activities, physician compensation relationships, and rules governing physicians and other interested parties serving on the board of directors of a tax-exempt health care entity;

(l) Future developments in the spread and treatment of Acquired Immune Deficiency Syndrome (“AIDS”) or other diseases which could increase the Issuer's (or any future Member's) operating costs and the incidence of bad debts, particularly if effective prevention or treatment methods are not promptly developed;

(m) Other increases in the level of uncompensated services required to be provided by the Issuer (or any future Members);

(n) The ability of the Issuer (or any future Members) to be included in networks of providers for purposes of selling hospital services to payors that wish to deal with a limited group of providers; and,

(o) The occurrences of hurricanes and other natural or man-made disasters may damage some or all of the facilities, interrupt utility service to some or all of the facilities or otherwise impair the operation of some or all of the facilities operated by the Issuer or the generation of revenues from some or all of such facilities.
The rising costs of emergency room call coverage by medical specialists. The occurrence of one or more of the foregoing, or the occurrence of other unanticipated events, could adversely affect the Issuer’s occupancy percentage and/or financial performance.

REGULATION OF THE HEALTH CARE INDUSTRY

General Health Care Industry Factors

The Issuer (and any future Members) and the health care industry in general are subject to regulation by a number of governmental agencies, including those which administer the Medicare and Medicaid programs, federal, state and local agencies responsible for administration of health planning programs and other federal, state and local governmental agencies. The health care industry is also affected by federal, state and local policies developed to regulate the manner in which health care is provided, administered and paid for nationally and locally. As a result, the health care industry is sensitive to legislative and regulatory changes in such programs and is affected by reductions and limitations in government spending for such programs as well as changing health care policies. Over the past several years, Congress has consistently attempted to curb the growth of federal spending on health care programs. The pressure to curb the rate of increase in federal spending in health care programs overall and on a per beneficiary basis is expected to increase as the U.S. population ages. Among other effects, this pressure may result in reduced payment rates for hospital services and increased utilization of managed care in the Medicare and Medicaid programs. In addition, Congress and other governmental agencies have focused on the provision of care to indigent and uninsured or underinsured patients, the prevention of “dumping” such patients on other hospitals in order to avoid provision of unreimbursed care, the tax-exempt status of not-for-profit corporations which engage in activities unrelated to their not-for-profit purposes and other issues. Adoption of additional regulations in these areas could have an adverse effect on the results of operations of the Issuer (or any future Members). Furthermore, laws promulgated by Congress and state legislatures, which regulate the manner in which health care services are provided and billed for, are increasing. As a result, the costs of complying with these laws and regulations are increasing. Some of the legislation and regulations affecting the health care industry are discussed in this section.

Federal Legislation

Medicare Operating Costs Reimbursement. The Social Security Amendments of 1983 established a Medicare payment system based on prospectively determined prices rather than retrospectively determined costs, with payment for inpatient hospital services based on national rates adjusted for local wage rates established under a system of diagnosis-related groups (“DRG”). Rates, under this prospective payment system (“PPS”), are adjusted annually, but the adjustments have historically not kept pace with inflation. There is no assurance that rates will continue to be subject to annual adjustment or that any such adjustments will keep with inflation or with costs incurred by the Issuer (or any future Members) in the performance of health care services covered by such rates.

Medicare Capital Cost Reimbursement. The inpatient PPS Medicare system now includes capital costs such as interest on long-term debt and depreciation on capital assets. Capital costs were, until 1993, reimbursed on a cost basis, and subject to across-the-board cuts in the amounts paid. From 1993 to 2002, capital cost reimbursement was based upon a blend of historical hospital and national rates. Payments after 2002 are based solely on historical rates. As a new hospital, Memorial Hospital Miramar received cost-based reimbursement for capital costs until April 30, 2007.

Physician Payment. Certain physician services are reimbursed on the basis of a national fee schedule called the "resource based relative value scale" ("RB-RVS"). The RB-RVS fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. The Balanced Budget Act of 1997 established a limit on the growth of Medicare payments for physician’s services based on changes in the U.S. Gross Domestic Product. The previous system was linked to growth in medical inflation. As such, the revised system has resulted in lower Medicare expenditures for physicians’ services, which could have an adverse effect on the financial condition of the Obligated Group. Medicaid physician payments are driven by this same federal RB-RVS
system in terms of the relative relationship of one physician payment to another. However, Florida Medicaid physician payments are only about 60 percent (on average) of the amount Medicare would pay for the same service. This relationship is subject to potential change at each session of the Florida legislature, and may increase (or decrease) depending on the availability of state appropriations and legislative priorities.

**Other Legislation.** The Medicare Reform Act expanded the Medicare program. In addition to adding outpatient prescription drug coverage, the Medicare Reform Act makes significant changes to the Medicare program affecting hospitals, and provides approximately $25 billion in relief to hospitals through the year 2013. The Medicare Reform Act's provisions become effective at different times, with some provisions effective upon enactment while others took effect in 2006. In brief, the Medicare Reform Act's hospital-related provisions (i) increase payments to rural providers; (ii) ensure that inpatient PPS payment updates remain at the full market basket, provided hospitals participate in a voluntary Centers for Medicare and Medicaid Services (“CMS”) sponsored Hospital Quality Initiative; (iii) impose an 18-month moratorium on the Stark Law "whole hospital" exception for physician owners of designated "specialty" hospitals; (iv) increase home health payments; (v) establish a competitive acquisition program for durable medical equipment (“DME”) beginning in 2007 and froze DME payment rates from 2004 through 2006; (vi) provide a temporary increase in state allotment for payments to disproportionate share hospitals; and (vii) provide for an overall increase of $400 million in DME payments. While it is believed that the Medicare Reform Act will provide financial relief to hospitals, it is impossible to predict the effect that the Medicare Reform Act will have on the Issuer, especially given the Medicare Reform Act's length, complexity and long phase-in period.

**Medicare Prescription Drug, Improvement and Modernization Act of 2003.** On December 8, 2003, President Bush signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the “MMA”) into law. The impact of the MMA goes beyond regulating Medicare and Medicaid, reaching health care organizations such as health plans, pharmaceutical manufacturers and providers and causing change with employers and state agencies. A number of changes were effective immediately, with many more to be phased in over time. Since its passage, several amendments to the MMA have been introduced in Congress. Many of these amendments would make extensive changes to the MMA. As a result, it is unclear how the MMA and any subsequent related legislation might affect the operations and financial condition of the Issuer.

As part of the MMA, Congress has enacted a moratorium on the investment by referring physicians in certain types of specialty hospitals. The moratorium expressly applied to hospitals that are engaged in the care and treatment of patients with cardiac or orthopedic conditions, patients receiving surgical procedures and patients receiving any other specialized type of services that CMS may designate. The moratorium officially expired on June 8, 2005. CMS, however, suspended processing specialty hospital applications and agreements following the official expiration of the moratorium, which suspension was extended by the Deficit Reduction Action (the "DRA"). During the processing suspension CMS was directed, pursuant to the DRA, to prepare a report containing, among other things, a strategic and implementing plan relating to investment in specialty hospitals that addresses issues such as the provision of charity care, proportionality of investment returns and patient disclosure. On August 8, 2006, CMS issued its final report, outlining its strategic and implementing plan. The report (i) calls for Medicare reimbursement reforms in order to better align payments with the costs of care, (ii) requires greater transparency in specialty hospital physician investment and (iii) clarifies Emergency Medical Treatment and Active Labor Act (“EMTALA”) requirements by concluding that even if a hospital does not have an emergency department, such hospital must accept transfers of cases when it has resources to provide the appropriate type of care.

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1 While the 18-month moratorium expired, the Budget Deficit Reduction Act of 2005 contained an extension of the moratorium for up to 6 months. That moratorium has expired, but CMS has adopted a severity adjustment to the inpatient prospective payment system DRG, that substantially limits the profitability derived from serving a “specialty” population. While this will tend to reduce competition for profitable Medicare patients, such competition is contemplated by the prospective payment system and will not be totally eliminated.
Medicare Inpatient Reimbursement.  On October 1, 2007, CMS implemented an extensive revision to the prospective payment system for inpatient hospital services.  CMS replaced the DRG system with the MS-DRG (Medicare severity diagnosis-related groups) system.  This change reallocates payments between medical and surgical cases and better recognizes the relative severity of cases within a single DRG.  The Issuer has no information at this time, that this new system will negatively affect the Issuer’s profitability in any material way.  The Issuer has updated all of its systems to comply with the new MS-DRG system.

Medicare Outpatient Reimbursement.  The Balanced Budget Act of 1997 established a prospective payment system for outpatient hospital services.  Under this system, services and supplies furnished to patients are grouped into Ambulatory Payment Classifications.  Payment rates are determined by the Medicare program on a national basis, and adjusted for local area wage differences.  These rates are adjusted annually, but the adjustments have historically not kept pace with inflation.  There is no assurance that rates will continue to be subject to annual adjustment or that any such adjustments will keep with inflation or with costs incurred by the Issuer (or any future Members) in the performance of health care services covered by such rates.  Additional rules define which services may qualify as hospital outpatient services, and the Issuer is acting in compliance with those rules.

Other Medicare Payments.  Medicare payment for home health services, skilled nursing facility services, inpatient psychiatric services, and inpatient acute rehabilitation services have been changed to service-specific prospective payment systems.

False Claims Act and Civil Monetary Penalties Law.  The Medicaid and Medicare Programs require that extensive financial information be reported on a periodic basis and in a specific format or content.  These requirements are numerous, technical and complex and may not be fully understood or properly implemented by provider billing or reporting personnel.  With respect to certain types of classifications of information, the False Claims Act and other similar laws may be violated merely by reason of inaccurate or incomplete reports if it is determined that the entity submitting such claims or reports knew or should have known that they were incorrect.  As a consequence, ordinary course errors or omissions may also result in liability.  New billing systems, new medical procedures and procedures for which there is not clear guidance from CMS or other regulatory authorities may all result in liability under federal false claim prohibitions including the False Claims Act and other similar laws.  The penalties for violation include criminal and civil monetary liability and may include, for serious or repeated violations, exclusion from participation in the Medicare and Medicaid programs.

Under the Civil Monetary penalties Law of the Social Security Act (the “CMP Law”), civil Monetary penalties may be imposed against any person who knowingly presents or causes to be presented a claim (i) for items or services not provided as claimed (including upcoding), (ii) that is false or fraudulent, (iii) for services provided by an unlicensed or uncertified physician, (iv) for items or services provided by an excluded person, or (v) for items or services that are not medically necessary.  Penalties include up to $11,000 for each item or service claimed plus an assessment of up to three times the amount claimed for each such item of service.  The CMP Law applies to all federal health care programs.  The BBA provided for the imposition of civil monetary penalties under the CMP Law when a person commits an act described in the Anti-Kickback Law.

Enforcement activity in this area is increasing and enforcement authorities are adopting more aggressive approaches.  It can be expected that many hospitals and physician groups will be subject to investigation or inquiry regarding billing practices and false claims.  Enforcement authorities are in a position to encourage settlements by providers charged with false claims violations by withholding or threatening to withhold Medicare, Medicaid and/or similar payments, and/or by threatening criminal action.  The cost of defending such an action, the time and management attention consumed thereby and the facts of a particular case may influence a settlement decision.  Therefore, regardless of the merits of a particular case, the Issuer (or any future Members) could experience materially adverse settlement costs.  Prolonged and publicized investigations could be damaging to the reputation, business and credit of the Issuer (or any future Members), regardless of their outcome.

The management of the Issuer believes the Issuer is in substantial compliance with the False Claims Acts and the CMP law.
Gramm-Rudman Act. Limits imposed on federal spending under the Gramm-Rudman Act adopted by Congress in 1985 affected health care reimbursement programs. The availability of funds were limited as Congress tried to meet the budget targets in the Gramm-Rudman Act, and actual payments were reduced by the Gramm-Rudman Act's sequestration provisions.

Medicare/Medicaid Anti-Kickback Laws. Section 1128B(b) of the Social Security Act (42 U.S.C. §1320-7B(b)) and related sections form the Medicare and Medicaid Anti-Kickback Laws. These laws generally prohibit paying or receiving reimbursement of any kind in exchange for referring a person for services or goods that are paid for by Medicare, Medicaid, CHAMPUS and certain state health care programs. Violators are subject to civil penalties, criminal penalties and exclusion from Medicare and Medicaid.

On July 29, 1989, the Department of Health and Human Services issued "Safe Harbor" exceptions to the Anti-Kickback Laws. Currently, no specific safe harbor exists for arrangements merely because they are undertaken by hospitals or other health care facilities. However, certain activities typical of hospitals can be covered by certain specific safe harbors, and these activities have, over the past several years, required careful analysis to ensure compliance with the Anti-Kickback Laws: personal services arrangements, office space leases, joint ventures with health care providers, physician recruitment and medical practice acquisition and certain hospital incentives to physicians. The Issuer (and any future Members) will continue to carefully analyze matters, which may be subject to enforcement in this area of the law to minimize its exposure to the risk of enforcement activity.

The Issuer believes that its contracts with physicians and other referral sources are in material compliance with the Anti-Kickback Law. However, because of the narrowness of the safe harbor regulations and the scarcity of case law interpreting the Anti-Kickback Law, there can be no assurance that the Issuer will not be found to have violated the Anti-Kickback Law, and if so, whether any sanction imposed would have a material adverse effect upon the operations and financial condition of the Issuer.

Medicare/Medicaid Anti-Referral Laws. In August 1993, as part of the Omnibus Budget Reconciliation Act of 1993, Congress enacted laws prohibiting patient referrals and certain types of designated services by health care providers to entities in which the providers have certain financial interests, including compensation arrangements, where payment for services is provided through the Medicare or Medicaid program. Known as the "Stark Law II" (42 U.S.C. § 1395nn), the prohibitions include certain referrals by physicians to hospital entities and their affiliates unless a statutory exception is met.

Final regulations implementing the portions of the Stark Law applicable to clinical laboratory services ("Stark I") were issued in August 1995. Regulations implementing the Stark Law's application to designated health services other than clinical lab services (sometimes referred to as "Stark II" or the "Stark II Regulations") were implemented in two phases. The rules delineated in Phase I of the Stark II Regulations became effective on January 4, 2002 and included additional guidance regarding CMS's interpretation of the Stark Law. Phase II of the final Stark II Regulations were issued in July 2004.

During 2003 there were initiatives by Congress and certain federal agencies to amend the Stark Law that could adversely impact both existing and future compensation arrangements between the Issuer and physicians as well as projects to expand existing facilities or develop new facilities and/or services. One such initiative, the Medicare Reform Act, resulted in the inclusion of an 18-month moratorium on the availability of the "whole hospital" exemption for physician investments in certain specialty hospitals. Also included in the Medicare Reform Act were directions to the Medicare Payment Advisory Commission and HITS to study the impact of specialty hospitals and recommend to Congress any new legislation or administrative changes related to these specialty hospitals. At this time, it is uncertain whether any other

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2 While the 18-month moratorium expired, the Budget Deficit Reduction Act of 2005 contained an extension of the moratorium for up to 6 months. That moratorium has expired, but CMS has adopted a severity adjustment to the inpatient prospective payment system DRG, that substantially limits the profitability derived from serving a "specialty" population. While this will tend to reduce competition for profitable Medicare patients, such competition is contemplated by the prospective payment system and will not be totally eliminated.
initiatives will be successful or whether the Medicare Reform Act will have a material adverse effect on the future operations and financial condition of the Issuer.

The Issuer is not aware of any failure to be in material compliance with the Stark Law. However, because of the lack of regulatory guidance and the scarcity of case law interpreting the Stark Law and Stark I and II regulations, there can be no assurances that the Issuer will not be found to have violated the Stark Law, and if so, whether any sanctions imposed would have a material adverse effect upon the operations and financial condition of the Issuer.

Various states, including Florida also have statutes designed to prevent or regulate certain types of referrals, whether Medicare, Medicaid or a private payor. These restrictions, like the federal restrictions, may be vague with respect to coverage and effect. Generally, state referral laws have less onerous penalties, but, as a practical matter, could be materially adverse to subject facilities in certain circumstances.

Emergency Medical Treatment and Active Labor Act. The EMTALA is a federal civil statute that requires hospitals with emergency rooms to treat or conduct an appropriate and uniform medical screening for emergency conditions on all patients and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient to another hospital. The application of EMTALA beyond emergency rooms to hospital-owned clinics and other areas of hospital campuses has expanded through enforcement authorities and judicial decisions. A hospital that violates EMTALA is subject to civil penalties of up to $50,000 per offense and exclusion from the Medicare and Medicaid programs. On September 9, 2003, CMS issued its final regulations, which substantively clarified existing federal regulations and policy governing EMTALA.

The Issuer believes its policies and procedures are in material compliance with EMTALA, but no assurance can be given that a violation of EMTALA will not be found. Any sanctions imposed as a result of an EMTALA violation could have a material adverse effect on the future operations or financial condition of the Issuer.

Health Insurance Portability and Accountability Act. The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") was enacted on August 21, 1996. HIPAA added two prohibited practices, the commission of which may lead to civil monetary penalties: 1) the practice or pattern of presenting a claim for an item or service on a reimbursement code that a person knows or should know will result in greater payment than appropriate, i.e., upcoding, and 2) engaging in a practice of submitting claims for payment for medically unnecessary services. Violation of such prohibited practices could amount to civil monetary penalties of up to $10,000 for each item of service involved. The Issuer has taken reasonable steps to comply with HIPAA.

HIPAA also includes administrative simplification provisions intended to facilitate the processing of health care payments, the electronic exchange of information and the use of standardized forms for health care information and to implement certain privacy and security considerations in respect thereof.

On August 17, 2000, CMS released its final rule adopting standards for electronic transactions and for code sets to be used in those transactions by every health care provider utilizing the electronic data interchanges ("EDI"). This rule required compliance within two years. On December 28, 2000, the Department of Health and Human Services (the "HHS") published separate regulations establishing standards concerning the privacy of health care data (the "Privacy Rule"), which became effective on April 14, 2001. The privacy regulations impose stringent requirements. Disclosure of protected health information is prohibited unless expressly permitted by the regulations or otherwise authorized by the patient. HHS published guidance regarding the Privacy Rule in July 2001, and final modifications to the Privacy Rule were published in August 2002. Most covered entities were required to be in compliance with the Privacy Rule, as modified, as of April 14, 2003. While the cost of such compliance was significant, the Issuer believes that it is in material compliance with the Privacy Rule.

Finally, HHS prepared a separate regulation establishing standards concerning the security of healthcare data that is transmitted electronically (the "Security Standards"). The final version of the Security Standards was published February 20, 2003. The Security Standards required covered entities such as the Issuer to undertake a wide range of activities designed to enhance security of automated information. These measures include implementing physical security measures (e.g., locked facilities) as
well as software security measures (e.g., user authentication, etc.) and data transmission protections
(such as encryption). These measures include a requirement that covered entities obtain certain
contractual obligations from certain contractual parties (i.e., business associates). The Issuer believes
that it is in material compliance with the Security Standards.

**Increased Enforcement Affecting Academic Research.** In addition to increasing enforcement
of laws governing payment and reimbursement, the federal government has also stepped up enforcement of
laws and regulations governing the conduct of clinical trials at hospitals. The Department of Health and
Human Services ("DHHS") elevated and strengthened its Office of Human Research Protection, one of
the agencies with the responsibility for monitoring federally funded research. The Food and Drug
Administration ("FDA") also has authority over the conduct of clinical trials performed in hospitals when
these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that
is the subject of the research. Moreover, the Office of Inspector General ("OIG"), in its "Work Plans," has
included several enforcement initiatives related to reimbursement for experimental drugs and devices
(including kickback concerns). The OIG placed Medicare claims for clinical trial-related services on its
2004 Work Plan. Thus, any health care system participating in clinical trials must possess a strong
understanding of how clinical trials are conducted, which regulations control the clinical trial and what
coding and billing rules apply to the clinical trials and services. These agencies’ enforcement powers
range from substantial fines and penalties to exclusion of researchers and suspension or termination of
entire research programs.

**RAC Audits.** In accordance with the MMA, CMS has engaged recovery audit contractors ("RAC")
to search for improper Medicare payments in Florida, California and New York. Government officials are
concerned that current payment integrity efforts are insufficient to catch enough of the Medicare
overpayments that are estimated currently to be in excess of $20 billion per year. The audit contractors
will scrutinize provider payments made between 2001 and 2004. Requests for information from the audit
contractors to hospitals began as a demonstration project. Hospitals and physicians in California, New
York and Florida were subjected to RAC audits as a result of this demonstration project.

The demonstration project period was completed in March 2008. The full RAC audit process is
expected to begin in May 2008, covering claims filed beginning October 1, 2007. Significant changes
have been made to the RAC process as a result of findings from the demonstration project, including
limits on the number of claims to be reviewed at one time and elimination of contingent fees paid to the
RAC auditors for any retracted claims overturned at any level of approval.

Under the demonstration project, the Issuer has experienced retractions of approximately $7.5
million, of which $1.5 million has been over-turned on appeal to date. The Issuer believes it has legal
and clinical bases for over-turning a substantial portion of the remaining retractions, but the process is as
yet incomplete and the amount of the retractions that may ultimately be over-turned cannot be predicted
at this time.

**Internal Revenue Service Matters.** In August 2004, the Internal Revenue Service ("IRS")
announced a new enforcement effort to identify and halt abuses by tax-exempt organizations that pay
excessive compensation and benefits to their officers and other insiders. The IRS announced that it
would contact nearly 2,000 charities and foundations to seek more information about their compensation
practices and procedures. The IRS began its enforcement project at the end of July, 2004 and it has
continued into 2006. The Issuer has not been contacted by the IRS in connection with this enforcement
effort.

For transactions occurring on or after September 14, 1995, Section 4958 of the Code imposes
excise taxes on “excess benefit transactions” between “disqualified persons” and tax-exempt
organizations such as the Issuer. According to the legislative history and regulations associated with
Section 4958, these excise taxes may be imposed by the IRS either in lieu of or in addition to revocation
of exemption. The legislation is potentially favorable to taxpayers because it provides the IRS with a
punitive option short of exemption revocation to deal with incidents of private inurnment. However, the
standards for tax exemption have not been changed, including the requirement that no part of the net
earnings of an exempt entity inure to the benefit of any private individual. Consequently, although the IRS has only infrequently revoked the tax exemption of nonprofit healthcare corporations in the past, the risk of revocation remains and there can be no assurance that the IRS will not direct enforcement activities against the Issuer.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed in both federal and state courts alleging, among other things, that the defendant hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. To date, no such lawsuits have been filed against the Issuer.

Proposed Federal Legislation

Many experts believe that federal health care reform will, over time, result in: (i) more persons receiving health care via insurance, managed care or expanded governmental health programs; (ii) an increase in the number of people receiving care through managed care entities such as health maintenance organizations and preferred provider organizations; (iii) a reduction in the amount of compensation and/or the rate of increasing compensation available to providers of health care; and (iv) an expansion of Medicare coverage of preventative health care. The Issuer is closely monitoring federal and state health care reform efforts and proposals and believes its economic success will depend on, among other things, a continuing commitment to deliver cost effective health care and the continued ability to demonstrate to payors both quality and economic efficiency in quantitative terms.

CMS has issued a final rule that could significantly curtail certain Medicaid funding associated with the Low Income Pool. Congress enacted a moratorium on implementation of that rule until May 25, 2008, which moratorium has not yet been renewed. The Issuer estimates Medicaid funding received by the Issuer could be reduced by approximately $30,000,000 annually if the moratorium is not renewed.

State Regulation

Florida Medicaid. Medicaid is a federally assisted, state administered program that provides reimbursement for a portion of the cost of caring for indigent persons who are aged, blind or disabled, or members of families who are eligible for Temporary Cash Assistance. The Florida Medicaid Program is administered by the AHCA and is funded by federal and state appropriations. Medicaid benefits are available, within prescribed limits, to persons meeting certain minimum income or other need requirements. Medicaid reimburses hospitals for inpatient services on a prospective per diem rate that is determined for each hospital on the basis of a hospital's allowable costs in accordance with Medicare cost reimbursement principles. Significant changes have been and may be made in the Medicaid program, which could have a material adverse impact on the financial condition of the Issuer (and any future Members). Health care providers, including the Issuer, have been affected significantly by changes in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicaid. The purpose of much of this statutory and regulatory activity has been to contain the rate of increase in health care costs, particularly costs paid under the Medicaid program. Diverse and complex mechanisms to limit the amount of money paid to health care providers under the Medicaid program have been enacted.

Florida Medicaid Reform. In 2004, Governor Bush proposed a major reform of Florida’s Medicaid system and AHCA began meeting with the federal CMS to develop concepts for the reform. The reform, called a “waiver” seeks federal permission to waive certain federal requirements that govern the regular Medicaid program. The goals of the reform are to establish a new Medicaid system that achieves patient choice, Medicaid marketplace innovation, better care, and budget predictability.

During the Regular Legislative Session of 2005, the Legislature passed SB838, which was approved by the Governor on June 3, 2005, and became effective on July 1, 2005 (now codified into law at Florida Statutes §§ 393.0661, 409.912, 409.91211, 409.9062, 409.9122, 409.913, 409.907, 409.908, 409.9082, and 409.9124) that authorizes AHCA to continue developing a plan to pilot the Governor’s proposal for a capitated managed care system to replace the current fee-for-service Medicaid system. Components of the reform include:
• Two geographic areas for the pilot projects – One pilot program in Broward County and one pilot project in Duval County.

• Requirements that health care plans in Medicaid reform pilot areas include mandatory and optional Medicaid services.

• Actuarially sound, risk adjusted capitation rates for coverage of Medicaid recipients separated into comprehensive and catastrophic care premium components and a method to phase in financial risk for approved provider service network over a three-year period.

During the Special Legislative Session in 2005 HB 3B was passed and approved by the Governor on December 16, 2005. Codified into law at Florida Statutes §§ 409.911, 409.912, 409.91211, 409.91213, 641.2261, and 216.346, it gives AHCA the authority to implement Medicaid reform as required by SB838 and outlined above in accordance with CMS special terms and conditions. The waiver covers a 5-year period from July 1, 2006 through June 30, 2011.

Florida Patient Self-Referral Act. In 1992, the Florida legislature enacted the Patient Self-Referral Act. This law contains provisions that are similar to those of the Medicare/Medicaid Anti-Kickback laws and the Medicare/Medicaid Anti-Referral Laws described above. In addition, in 1996, the Florida legislature adopted a patient brokering law that created criminal liability for certain activities, including patient brokering, kickbacks and fee splitting. Unlike the federal laws, the Florida laws apply to all patients regardless of payor class. The Issuer (and any future Members) will continue to carefully analyze matters, which may be subject to enforcement in this area to minimize its exposure in this area.

Florida Certificate of Need. See “BONDHOLDERS’ RISKS—Florida Certificate of Need.”

Florida Indigent Assistance. In 1984, the Florida legislature enacted the Public Medical Assistance Act (the "Assistance Act") to provide a mechanism for the funding of health care services to indigent persons, the cost of which, pursuant to the Assistance Act, is to be borne by the State and by hospitals, which operate in the State. The Assistance Act imposes upon each hospital in the State an assessment in an amount equal to 1.5% of each hospital's annual net inpatient revenue and one percent of annual net out-patient revenue for each fiscal year, such revenues to be determined by AHCA, based on the hospital's actual experience reported to AHCA within four months after the end of each hospital's fiscal year. AHCA certifies the amount of the assessment for each hospital. The assessment is payable to and collected by AHCA in equal quarterly amounts; on or before the first day of each calendar quarter beginning with the first full calendar quarter that occurs after AHCA certifies the amount of assessment for each hospital. All moneys collected pursuant to the Assistance Act are to be deposited into the Public Medical Assistance Trust Fund, also established by the Assistance Act. Funds from the assessment are used to increase the number of persons eligible for the Medicaid program in Florida, and are not tied in any manner to a guaranteed "return of revenue" to any particular hospital.

Florida "False Claims" Act. Florida also has a false claims act known as the "Florida False Claims Act." Under that Act, the Medicaid Fraud Control Unit of the Department of Legal Affairs of the Office of the Attorney General may bring an action against any person who knowingly presents a false claim for payment or approval. No proof of specific intent to defraud is required. Actions also may be brought by the Florida Department of Banking and Finance and by a private person. If found liable under this statute, the individual or facility may be liable for a civil penalty of $5,000 to $10,000 for each violation, as well as for treble the government's damages.

Florida KidCare Program. Florida KidCare is the state’s children’s health insurance program for uninsured children under the age of 19. Florida KidCare is a federally funded insurance program for families whose income levels preclude them from being eligible for Medicaid, but cannot afford commercial health insurance. It is made up of four parts: MediKids, Healthy Kids, the Children’s medical Services Network for children with special health care needs, and Medicaid for Children. The first three require participating families to make monthly payments that usually range between $15 and $20. The fourth, Medicaid for children, is free. The program is administered by CMS, but each state creates its own program based upon minimum federal guidelines. Moreover, each state must periodically submit its plan to CMS for review to determine if it meets the federal requirements. If it does not meet the federal requirements, a state can lose its federal funding for its program. While generally considered to be beneficial for both patients and providers by reducing the number of uninsured children, it is difficult to
assess the fiscal impact of Florida KidCare on the payments to the Issuer because the program is relatively new.

**Florida's “No-Fault” Automobile Insurance.** Florida's “no-fault” automobile insurance law, which requires drivers to purchase Personal Injury Protection (“PIP”) insurance expired in October 2007 and was reinstated January 1, 2008 with significant changes including reduced payment for certain hospital services, and priority of payments to physicians before hospitals. The modification and/or expiration of the no-fault law could materially adversely affect the revenues of the Issuer.

**UNDERWRITING**

Under the bond purchase agreement (the “Bond Purchase Agreement”) entered into between the Issuer and UBS Securities LLC, as representative, on behalf of itself, Banc of America Securities LLC and Siebert Brandford Shank & Co., LLC, as the underwriters of the 2008 Bonds (such underwriters, collectively, the “Underwriters”), the 2008 Bonds are being purchased for re-offering by the Underwriters at an aggregate purchase price of $153,670,179.75 (representing the $156,575,000.00 original principal amount of the 2008 Bonds less $429,015.50 of underwriting discount and less net original issue discount of $2,475,804.75). The obligation of the Underwriters to accept delivery of the 2008 Bonds is subject to various conditions contained in the Bond Purchase Agreement. The Bond Purchase Agreement provides that the Underwriters will purchase all of the 2008 Bonds if any are purchased.

The Underwriters intend to offer the 2008 Bonds to the public at the prices set forth on the inside cover page, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2008 Bonds to the public. The Underwriters may offer and sell 2008 Bonds to certain dealers at prices lower than the public offering prices. In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

**RATINGS**

Moody's Investors Services, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. have assigned their municipal bond ratings of “Aa3” and “AA-,” respectively, to the 2008 Bonds. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Certain information and materials not included in the Official Statement were furnished to the rating agencies. The ratings of the 2008 Bonds reflect only the respective view of such organizations. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating agencies if, in the judgment of either or both, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2008 Bonds.

**TAX MATTERS**

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) interest on the 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) the 2008 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel will express no opinion as to any other tax consequences regarding the 2008 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Issuer to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing,
including that the 2008 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations or that compliance.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Issuer may cause the interest on the 2008 Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the 2008 Bonds. The Issuer has covenanted to take the actions required of it for the interest on the 2008 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

A portion of the interest on 2008 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the 2008 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations.

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these or other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2008 Bonds. Bond Counsel will express no opinion regarding those consequences.

Purchasers of the 2008 Bonds at other than their original issuance at the price indicated on the inside cover of this Official Statement should consult their own tax advisers regarding other tax considerations such as the consequences of market discount.

**ORIGINAL ISSUE DISCOUNT AND ORIGINAL ISSUE PREMIUM**

Certain of the 2008 Bonds ("Discount Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters of wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the 2008 Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the 2008 Bonds ("Premium Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that
results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner’s tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside cover of this Official Statement who holds a Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

FINANCIAL STATEMENTS

The financial statements of the Issuer as of April 30, 2007 and 2006, and for the years then ended, appearing in Appendix B to this Official Statement, have been audited by Ernst & Young LLP, Miami, Florida, and S. Davis & Associates, P.A., Hollywood, Florida, independent certified public accountants, as stated in their report appearing therein.

LEGAL MATTERS

Certain legal matters incident to the issuance of the 2008 Bonds and with regard to the tax-exempt status of the interest on the 2008 Bonds (see “TAX MATTERS”) are subject to the legal opinion of Squire, Sanders & Dempsey L.L.P., Miami, Florida, whose legal services as Bond Counsel have been retained by the Issuer. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the 2008 Bonds, will be delivered to the Underwriters at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix F. The actual legal opinion to be delivered may vary from that text as necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

While Bond Counsel has participated in the preparation of certain portions of this Official Statement, it has not been engaged by the Issuer to confirm or verify, and, except as may be set forth in an opinion of Bond Counsel delivered to the Underwriters, expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Issuer or the 2008 Bonds that may be prepared or made available by the Issuer, the Underwriters or others to the holders of the 2008 Bonds or other parties.

Certain legal matters will be passed upon for the Issuer by its counsel, Gary S. Barber, Esq., Hollywood, Florida and for the Underwriters by their counsel, Tripp, Scott, P.A., Fort Lauderdale, Florida.

CERTAIN RELATIONSHIPS

Counsel to the Underwriter, Tripp, Scott, P.A., also acts from time to time as special counsel to the Issuer for certain matters unrelated to the issuance of the 2008 Bonds.
CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the Issuer will agree to provide or cause to be provided, to each nationally recognized municipal securities information repository (“NRMSIR”) or the Municipal Securities Rulemaking Board (the “MSRB”), and to the appropriate state information depository (“SID”), if any, for the State of Florida, (i) certain annual financial information and operating data of the Issuer and (ii) certain notices of material events, all as set forth more fully in the Continuing Disclosure Agreement. See “APPENDIX E - CONTINUING DISCLOSURE AGREEMENT.” For the benefit of the holders of the 2008 Bonds, the Issuer will appoint Digital Assurance Certification, L.L.C. (“DAC”) as the initial Disclosure Dissemination Agent, to coordinate the Issuer's continuing disclosure undertakings under the Continuing Disclosure Agreement.

The Issuer will reserve the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in its judgment; provided, that any such modification will be done in a manner consistent with the Rule. The Issuer will reserve the right to terminate its obligations to provide information under the Rule, if and when the Issuer no longer remains an “obligated person” with respect to the 2008 Bonds within the meaning of the Rule (either by the redemption, prepayment, payment in full or defeasance of all such 2008 Bonds). The Issuer will agree that its undertaking pursuant to the Rule is intended to be for the benefit of the holders of the 2008 Bonds and shall be enforceable by the Bond Trustee on behalf of such holders; provided, that the Bond Trustee's right to enforce the provisions of such undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations under the Bond Indenture and any failure by the Issuer to comply with the provisions of such undertaking shall not be an event of default with respect to the 2008 Bonds under the Bond Indenture.

The Issuer is presently in compliance with its prior continuing disclosure undertakings entered into pursuant to the Rule; however, as a result of an administrative oversight, the reports for Fiscal Years 1998 and 2001 were filed in February, 2002.

FINANCIAL ADVISOR

Ponder & Co., Chicago, Illinois, was engaged by the Issuer to provide financial advisory services in connection with the issuance of the 2008 Bonds. Ponder & Co. is a national consulting firm that acts as a financial advisor to health care organizations in matters of capital formation, including debt financing, interest rate swaps and strategic capital planning. Although Ponder & Co. has assisted in the preparation of this Official Statement, Ponder & Co. is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

LITIGATION

There is no litigation pending or, to the knowledge of the Issuer, threatened which seeks to restrain or enjoin the issuance or delivery of the 2008 Bonds or which questions or affects the legality of the 2008 Bonds or the proceedings and authority under which the 2008 Bonds are to be issued. There is no litigation pending, or to the knowledge of the Issuer, threatened which in any manner questions the right of the Issuer to operate the Hospital Facilities or to construct, finance or refinance any portion of the Hospital Facilities in accordance with the provisions of the Bond Indenture or which, if decided adversely to the Issuer, would materially adversely affect its ability to pay the 2008 Bonds.

BLUE SKY DISCLOSURE

The Issuer is not and has not been in default as to principal and interest on bonds or other obligations which it has issued or guaranteed. This disclosure is made in compliance with and pursuant to the “blue sky” rules and regulations of various states.
MISCELLANEOUS

The Issuer has furnished the information in this Official Statement and the Appendices hereto relating to its operations and facilities.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Reference herein to the Bond Indenture, the Master Indenture and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions. The agreement of the Issuer with the owners of the 2008 Bonds is fully set forth in the Master Indenture and the Bond Indenture, and neither any advertisement of the 2008 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the 2008 Bonds. Copies of the Master Indenture and the Bond Indenture are on file at the office of the Issuer and, following delivery of the 2008 Bonds, will be on file at the office of the Bond Trustee.

The Attached Appendices A through F are integral parts of this Official Statement and must be read together with all of the foregoing statements.

CERTIFICATE CONCERNING THE OFFICIAL STATEMENT

At the time of delivery of the 2008 Bonds, the Chairman or Vice Chairman of the Board of Commissioners and the President and Chief Executive Officer will furnish a certificate of the Issuer to the effect that, to the best of their knowledge, this Official Statement, as of its date and as of the date of delivery of the 2008 Bonds, does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated herein or necessary in order to make the statements made herein, in light of the circumstances under which they are made, not misleading.

The Issuer has duly authorized the execution and delivery of this Official Statement in connection with the offering of the 2008 Bonds.

SOUTH BROWARD HOSPITAL DISTRICT

By: /s/ Kevin P. Tynan
Chairman, Board of Commissioners
History and Background

The Issuer, the South Broward Hospital District, also known as the Memorial Healthcare System (the “System”), operates five hospitals and provides other health care related services at multiple locations in south Broward County, Florida. The Issuer’s principal facilities in relation to Memorial Regional Hospital are identified below.

<table>
<thead>
<tr>
<th>Hospital Facilities</th>
<th>Location</th>
<th>Distance in miles from Memorial Regional Hospital and Joe DiMaggio Children’s Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memorial Regional Hospital and Joe DiMaggio Children’s</td>
<td>Hollywood, Florida</td>
<td>0</td>
</tr>
<tr>
<td>Hospital South</td>
<td>Pembroke Pines, Florida</td>
<td>1</td>
</tr>
<tr>
<td>Memorial Hospital West</td>
<td>Pembroke Pines, Florida</td>
<td>10</td>
</tr>
<tr>
<td>Memorial Hospital Pembroke</td>
<td>Pembroke Pines, Florida</td>
<td>6</td>
</tr>
<tr>
<td>Memorial Hospital Miramar</td>
<td>Miramar, Florida</td>
<td>15</td>
</tr>
<tr>
<td><strong>Other Facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Memorial Manor Nursing Home</td>
<td>Pembroke Pines, Florida</td>
<td>8</td>
</tr>
<tr>
<td>Memorial Urgent Care Center</td>
<td>Pembroke Pines, Florida</td>
<td>8</td>
</tr>
<tr>
<td>Memorial Out-Patient Center – Hallandale</td>
<td>Hallandale, Florida</td>
<td>5</td>
</tr>
<tr>
<td>Memorial Home Health Services</td>
<td>Hollywood, Florida</td>
<td>5</td>
</tr>
</tbody>
</table>

The Issuer’s over-arching strategy is to provide a healthcare delivery system centered around its flagship hospital (Memorial Regional Hospital, including the Joe DiMaggio Children’s Hospital) which provides high-end tertiary care services in adult and pediatric cardiology and cardio-vascular surgery, oncology, neurosurgery and Level 1 trauma services. Each of the Issuer’s other hospitals and other facilities provide comprehensive community hospital-based care and serve as feeders to Memorial Regional Hospital and Joe DiMaggio Children’s Hospital. This strategy enables the Issuer to dominate its primary service area and also enables it to attract adult and pediatric patients from its secondary service area and beyond. As a result of this strategy, the Issuer has achieved significant market share as indicated in the chart below (also see “Service Area”).

The Issuer commenced the operation of Memorial Regional Hospital (formerly known as Memorial Hospital) in 1953. Other key events in the Issuer’s history include:

- November 1976, the Issuer opened the Urgent Care Center in Pembroke Pines, Florida.
- July 1989, the Issuer completed construction of the Memorial Manor Nursing Home. This facility enables the Issuer to provide care to those patients who no longer require hospitalization in an acute care setting in a more appropriate and cost effective setting.
- May 1992, the Issuer completed construction of Memorial Hospital West.
• September 1992, Joe DiMaggio Children’s Hospital at Memorial Regional Hospital was dedicated.

• July 1995, the Issuer began operating Memorial Hospital Pembroke under a long-term lease agreement. During fiscal 2007 HCA Inc. sold the hospital to Hospital Realty, LLC from which the Issuer has leased the hospital under a lease that expires July 1, 2025.

• August 1995, the Issuer opened Memorial Outpatient Center - Hallandale. This Center provides imaging services and also houses both a Senior Resource Center and the Memorial Adult Day Care Center.

• March 2005, the Issuer opened Memorial Hospital Miramar.

• December 2006, the Issuer purchased Hollywood Medical Center from Tenet Healthcare system. It was renamed Memorial Regional Hospital South and is now operating as a satellite of Memorial Regional Hospital.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]
Note: The Issuer’s western-most geographic boundary is the Collier County line that is further west than indicated on the above map.
Governing Board

The governing body of the Issuer is a seven-member Board of Commissioners (the "Board") appointed pursuant to Chapter 24415, Laws of Florida, Special Acts of 1947, as amended and as codified by Chapter 2004-397, Laws of Florida (2004) (the “Act”) by the Governor of the State of Florida for four-year staggered terms of office. Each Commissioner must be a qualified elector residing in Broward County for more than one year and within the District for more than 90 days prior to appointment. The Governor may remove any Commissioner for cause and may fill any vacancies. Commissioners serve without compensation. The Board conducts much of its business through a committee structure, and the full Board typically meets at least once each month for official action. Standing committees that meet as needed include Finance, Contracts, Planning, Building, Personnel and Government Relations. Committees meeting quarterly include Community Relations, Audit and Compliance, Senior Services, Home Health Agency, and Board Peer Review. The Governance Committee meets annually and as required.

The current members of the Board, their respective offices, principal affiliations, and terms, are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Officer</th>
<th>Principal Occupation</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin P. Tynan</td>
<td>Chairman</td>
<td>Partner, Legal Firm</td>
<td>June 30 2010</td>
</tr>
<tr>
<td>Kathleen A. Durham</td>
<td>Vice Chairman</td>
<td>Bank Vice President, Market Manager</td>
<td>June 30 2008</td>
</tr>
<tr>
<td>Sara E. Wolfer</td>
<td>Secretary/Treasurer</td>
<td>Retired Healthcare Executive</td>
<td>June 30 2008</td>
</tr>
<tr>
<td>Laura Raybin Miller</td>
<td>Commissioner</td>
<td>Executive, Brokerage Firm</td>
<td>June 30 2009</td>
</tr>
<tr>
<td>Shane Strum</td>
<td>Commissioner</td>
<td>Deputy Chief of Staff, Office of the Governor</td>
<td>June 30 2009</td>
</tr>
<tr>
<td>Albert C. Jones</td>
<td>Commissioner</td>
<td>Educator, School Board of Broward County</td>
<td>June 30 2007**</td>
</tr>
<tr>
<td>Alfredo Avalos</td>
<td>Commissioner</td>
<td>Detective, Local Law Enforcement</td>
<td>June 30 2011</td>
</tr>
</tbody>
</table>

** Serves until successor appointed.

MANAGEMENT

The Board appoints a President and Chief Executive Officer who has the authority and responsibility to operate the Issuer subject only to such policies as may be adopted by the Board. Members of the Executive Staff, (the "Executive Staff") of the Issuer are selected by the President and Chief Executive Officer.

In addition to the President and Chief Executive Officer, the Executive Staff includes an Executive Vice President and Chief Administrative Officer, a Senior Vice President and Chief Financial Officer, a Senior Vice President and Chief Medical Officer, a Chief Information Officer, a Senior Vice President and Chief Strategic Officer, a Chief Human Resources Officer, a Senior Vice President and General Counsel, a Senior Vice President, East Operations and a Senior Vice President, West Operations, an Administrator of Memorial Regional Hospital and an Administrator of Memorial Regional Hospital South, an Administrator of Joe DiMaggio Children’s Hospital, an Administrator of Memorial Hospital West, an Administrator of Memorial Hospital Pembroke (currently vacant), and an Administrator of Memorial Hospital Miramar.

Certain information regarding the President and Chief Executive Officer and the other senior members of the Executive Staff follows:

FRANK V. SACCO, PRESIDENT AND CHIEF EXECUTIVE OFFICER, SOUTH BROWARD HOSPITAL DISTRICT
(July, 1987 - Present), Age 60.

Experience: Mr. Sacco joined Memorial Hospital in 1974, where he held various management and administrative positions before becoming Chief Operating Officer in 1985. From 1970 to 1973, he served as a commissioned officer in the Army Medical Service Corps. His military service included diversified administrative assignments in several Army hospitals ranging in size from 550 to 1,000 beds.
Education: Mr. Sacco received his Bachelor of Arts degree from the University of Miami in January 1970 and his Master of Sciences degree in health care management from Florida International University in March 1978.

Affiliations: Mr. Sacco is a Fellow in the American College of Healthcare Executives; Chairman of the Board of United Way of Broward County; Chairman Safety Net Hospital Alliance; Past Chairman of the Association of Community Hospitals and Health Systems of Florida, Inc.; Past Chairman of the Coordinating Council of Broward; Past Chairman of the Greater Hollywood Chamber of Commerce; Board Member of Broward County Health Planning & Development Council; Past Regional Policy Member of the American Hospital Association; Regional Policy Board; Past Chairman of the Florida Hospital Association; and Past President of the Hollywood Business Council. Mr. Sacco served on the Governor's Task Force on Healthcare Reform from 1991-1992; Chaired Governor's Medicaid Reform Task Force 1996-1997; served on Governor Jeb Bush's Transition Policy Team in 1998 and again in 2002; and has served as a Director of Community Bank of Broward since 2001.

ANTHONY C. KRAKER, III, EXECUTIVE VICE PRESIDENT AND CHIEF ADMINISTRATIVE OFFICER, SOUTH BROWARD HOSPITAL DISTRICT (August, 1997 – Present), Age 63. Mr. Krayer is responsible for all administrative functions of the System. The Chief Financial Officer, Chief Information Officer, Chief Human Resources Officer, the Administrative Director of Property Management and Construction and the Director of Corporate Security report to this position.

Experience: Mr. Krayer joined the Memorial Healthcare System in August 1997 as the Chief Administrative Officer. Prior to his employment with the Memorial Healthcare System, he served in several capacities with OrNda Health Corp., from 1989 to 1997. These roles included President of OrNda of South Florida, where he was responsible for the operation of five acute care hospitals, home health agencies, clinics and physician networks located in that geographic area; Senior Vice President – Acquisitions and Development where he was responsible for the acquisition and development activities of the company including hospitals, skilled nursing facilities, HMO's, physician groups and home health agencies; Chief Operating Officer/Chief Financial Officer for Florida Medical Center Ltd., a 459 bed hospital located in Broward County, Florida. From 1968 to 1989 Mr. Krayer was associated with Ernst & Whinney, resigning from that organization as Partner in charge of Healthcare for South Florida. His professional experience as a Certified Public Accountant included engagements for a wide range of healthcare organizations including hospitals, HMO's, PPO's, physician groups, special tax districts, not-for-profit and proprietary corporations.

Education: Mr. Krayer received his Bachelor of Science degree from Florida Atlantic University with a major in Accounting in 1968, and has completed the formal course work towards a degree in Healthcare Finance, MSBA, lacking a thesis. Mr. Krayer is a Certified Public Accountant in the State of Florida.

Affiliations: Mr. Krayer was Chairman of the Board of Omega Systems, Inc., a corporation that developed and marketed software specializing in health care applications. The company was sold in November 2004. He is a member of the Board of Directors, Executive Committee and Audit Committee of Coconut Grove Bank. He has also served as Chairman of the Board of Directors of WPBT Channel 2 the public broadcasting station for South Florida. Mr. Krayer is a member of the American Institute of Certified Public Accountants, the Florida Institute of Certified Public Accountants, and the Healthcare Financial Management Association (recognized as a Fellow).

MATTHEW J. Muhart, Senior Vice President and Chief Financial Officer, South Broward Hospital District (August 1998 - Present), Age 41. As Chief Financial Officer, Mr. Muhart, is responsible for overseeing the financial operations of the Memorial Healthcare System which include the finance and accounts receivable management departments which include admitting and registration services, financial reporting, purchasing and materials management, financial planning, reimbursement and treasury functions.

Experience: Mr. Muhart joined Memorial Healthcare System in August 1998, as Director of Finance and in January 2001 was appointed Chief Financial Officer. Prior to his employment at Memorial Healthcare System, he served as Controller for Columbia/HCA Healthcare Corporation-South Florida Division and was a Manager for Ernst & Young LLP.

Education: Mr. Muhart received his Bachelor of Science degree with a major in accounting from Barry University in May 1988 and Mr. Muhart is a Certified Public Accountant in the State of Texas.

Affiliations: Mr. Muhart is a Member of the Healthcare Financial Management Association.
STANLEY W. MARKS, M.D., F.A.C.S., SENIOR VICE PRESIDENT AND CHIEF MEDICAL OFFICER, MEMORIAL HEALTHCARE SYSTEM (January, 1998 - Present), Age: 59. The Chief Medical Officer is responsible for all medical staff functions including credentialing, performance improvement, clinical resource management, risk management, medical education, oversight and executive lead for Clinical Informatics Department and leadership and oversight on all Memorial Healthcare System safety initiatives.

Experience: Prior to joining Memorial Healthcare System’s Administrative team, Dr. Marks was engaged in private practice in general and vascular surgery for 16 years in Pembroke Pines, Florida and was a member of the Active Medical Staffs of the Memorial Healthcare System facilities. He has extensive experience in performance improvement, clinical resource management and risk management as evidenced by his participation in several associations, committees, and panels.

Education: Dr. Marks received his Bachelor of Arts degree from C. W. Post College of Long Island University and his Doctor of Medicine degree from Howard University College of Medicine in 1973. He served his internship and surgical residency at the University of Miami Hospital – Jackson Memorial Hospital from 1973 to 1978. He is a Diplomat of the American Board of Surgery.

Affiliations: Dr. Marks is a Fellow of the American College of Surgeons, a member of the American College of Physician Executives, a member of the American Medical Association, as well as the Florida and Broward County Medical Associations.

JOHN A. BENZ, SENIOR VICE PRESIDENT AND CHIEF STRATEGIC OFFICER, SOUTH BROWARD HOSPITAL DISTRICT (March 1975 to December 1977, November 1986 to Present), Age 57. Mr. Benz is responsible for strategic planning, physician business development, community youth services, community outreach, retail sales initiative, government / legislative affairs, managed care contracting and compliance efforts.

Experience: Mr. Benz has served two employment terms with the Memorial Healthcare System. From March 1975 to December 1977, he served as the Assistant Controller. From November 1986 to present he has held various administrative positions before becoming the Chief Strategic Officer in 2004. Between 1977 and 1986, Mr. Benz held senior executive level financial positions with Hialeah Hospital (CFO), CAC Health Plan (VP Finance) and North Broward Hospital District (Director of Financial Planning). Prior to 1975, Mr. Benz was on the audit staff of Coopers and Lybrand CPAs and served in the United States Air Force Reserve.

Education: Mr. Benz received his undergraduate Degree from Biscayne College with a major in accounting in 1972. Mr. Benz completed the required courses to attain a MSBA from the University of South Carolina. Mr. Benz received his MBA with a concentration in health sciences from Nova Southeastern University. Mr. Benz also is an AHA Healthy Communities Fellow.

Affiliations: Mr. Benz is a Diplomat in the American College of Healthcare Executives; Past Chairman / Current Board Member of the National Association of Public Hospitals and Health Systems; a Board Member of the Healthy Kids Corporation of Florida Finance Committee, a past Board Member of the Broward Outreach Center; past Chairman of the Steering Committee of the Coordinating Council of Broward; past Chairman and Board Member of First Call for Help, a past Board Member of Leadership Broward of Florida, the Secretary / Board Member of the Community Blood Centers of South Florida and a Member of the Safety Net Hospital Alliance of Florida.

GARY S. BARBER, ESQ., SENIOR VICE PRESIDENT AND GENERAL COUNSEL, SOUTH BROWARD HOSPITAL DISTRICT (May, 1996 – Present), Age 67. Mr. Barber is responsible for all legal matters relating to the Memorial Healthcare System.

Experience: Mr. Barber was admitted to the Florida Bar in 1967, and was involved in the private practice of law from that date until May 1996. Mr. Barber joined the South Broward Hospital District as Associate General Counsel in May 1996, and he became General Counsel in November 1997 and Senior Vice President and General Counsel in November 2006.

Education: Mr. Barber received his Bachelor of Arts degree at the University of Florida in 1963, and his Doctor of Jurisprudence, with Honors, from the University of Miami in 1967.

Affiliations: Mr. Barber is a member of the Florida Bar Association, the American Bar Association, a Health Law Section member of the American Bar Association, a member of the American Health Lawyers Association and a member of the Florida Hospital Association.
J.E. PIRIZ, SENIOR VICE PRESIDENT, EAST OPERATIONS (December 2006 - Present) Age 53. In Mr. Piriz’s role as Senior Vice President, East Operations he is responsible for Memorial Regional Hospital, Joe DiMaggio Children’s Hospital, Memorial Regional Hospital South, Memorial Physician’s Practice Management, Memorial Primary Care and Memorial Home Health.

Experience: Mr. Piriz originally joined Memorial Regional Hospital in February 1983 as Administrative Director of Radiology Services. In January 1987, Mr. Piriz was promoted to Assistant Administrator and was responsible for various clinical, ancillary and support departments before being promoted to Associate Administrator in September 1990. As Associate Administrator, he was responsible for various day-to-day operations at Memorial Regional Hospital, as well as the construction and renovation programs throughout the Memorial Healthcare System. In July of 1995, he began serving as the Administrator of Memorial Hospital Pembroke. Under his direction, Memorial Hospital Pembroke and its employees received the 1999 Best Hospital Turnaround award from South Florida Medical Business and have achieved the distinction of being ranked among the top four percent of hospitals nationwide by the Joint Commission on Accreditation of Healthcare Organizations. In July of 2000, Mr. Piriz began serving as the Administrator of Memorial Regional Hospital. In December 2006, Mr. Piriz was elevated to Senior Vice President, East Operations. Prior to 1983, Mr. Piriz served in the United States Navy for over 11 years prior to receiving an Honorable Discharge.

Education: Mr. Piriz received his Bachelor of Arts degree in Business Administration from Columbia College, Columbia, Missouri, in December 1980. He attended the University of Miami Graduate School of Business from January 1985 to January 1987.

Affiliations: Mr. Piriz is a member of the American College of Healthcare Executives and the American Hospital Association. Mr. Piriz is actively involved in many local community initiatives. He has served as President of the Greater Hollywood Chamber of Commerce, has been on the Board of the Hollywood Boys and Girls Club, the Broward County Crime Commission, and the Community Foundation of Broward Grant-making and Community Impact Committee. Mr. Piriz is Past President of Hispanic Unity of Florida. He has also served on the Board of the Davie/Cooper City Chamber of Commerce, the Advisory Board of the One More Step Charity, and is a former Board Member of the EASE Foundation of Davie, a charitable organization focused on preventing homelessness. Mr. Piriz currently sits on the Broward Regional Health Planning Council Trauma Advisory Committee.

ZEFF ROSS, SENIOR VICE PRESIDENT, WEST OPERATIONS AND ACTING ADMINISTRATOR OF MEMORIAL HOSPITAL PEMBROKE (December 2006 - Present), Age 51. Mr. Ross was appointed to the position of Senior Vice President West Operations in December 2006 having previously served as Administrator of Memorial Hospital West since 1991. Mr. Ross is responsible for Memorial Hospital West, Memorial Hospital Pembroke, Memorial Hospital Miramar, and Memorial Manor Nursing Home. As Acting Administrator, Mr. Ross is responsible for the daily operations of Memorial Hospital Pembroke, including all operational functions, as well as human resources, financial management, safety and risk management, and quality improvement activities.

Experience: Prior to joining the South Broward Hospital District as Administrator of Memorial Hospital West, he served in various capacities with Humana, Inc. He worked for the Greater New York Hospital Association, as well as for the Jamaica Hospital, a not-for-profit hospital in New York. Under his direction, Memorial Hospital West and its employees received awards including the 2005 Premier Award for Quality in the area of Heart Failure, Medical Staff Perception Awards in a number of areas from Professional Research Consultants, a Medicare Quality Improvement Performance Achievement Award from Florida Medical Quality Assurance, Inc., 100 Top Hospitals: Regional Benchmarks for Success from HCIA/The Health Network and the Best Run Hospital award from Florida Medical Business. Memorial Hospital West received awards as Best Hospital for Pediatric Emergency Care and Best Place to Give Birth by South Florida Parenting Magazine. The South Florida Business Journal awarded Memorial Hospital West an Excellence in Healthcare Award: Facilities Expansion and Growth

Education: Mr. Ross received his Bachelor of Science degree in Psychology, Magna Cum Laude, from the City University of New York, Brooklyn College, Brooklyn, New York, in June, 1977, and a Master in Business Administration specializing in Healthcare Administration from the City University of New York, Bernard M. Baruch College/Mt. Sinai School of Medicine, New York, New York, in June, 1979.

Affiliations: Mr. Ross is a Fellow with the American College of Healthcare Executives, as well as the current Regent for South Florida. He is also a Board of Trustee with the Florida Hospital Association and a member of the American Hospital Association. He has served as a member and has held offices with various other professional healthcare organizations in addition to the Broward Hospital Association, American Heart Association and American Cancer Society. Mr. Ross is also very active in his community serving on the board of a number of community organizations including past president of the Miramar-Pembroke Chamber of Commerce, Republic Bank/Family Bank Western
Advisory Board, Temple Beth Ahm, American Red Magen David for Israel (ARMDI), Florida International University Stempel School of Public Health External Advisory Committee, Barry University School of Natural and Health Sciences Advisory Board and the City of Pembroke Pines Police Athletic League. Additionally, he has served as a member of the Embassy Creek Elementary School Improvement Team and the Walter C. Young Middle School Junior Achievement Program. Lastly, Mr. Ross served as an adjunct professor with the St. Thomas University Graduate Program in Health Management, Florida International University’s administrative intern preceptorship program for graduate students and the Johns Hopkins University, Bloomberg School of Public Health’s Master of Health Science in Health Finance and Management Program.

RAY KENDRICK, CHIEF HUMAN RESOURCES OFFICER, MEMORIAL HEALTHCARE SYSTEM (June 2000 - Present) Age: 56. The chief Human Resources Officer is responsible for overall compensation wage and salary administration, benefits, worker’s compensation, EEOC compliance and employment related legal matters for the Memorial Healthcare System as well as the day-to-day human resources duties such as hiring and employee relations for the System. He is also responsible for the coordination of all human resource functions at each hospital within the System and coordination of system wide recruitment.

Experience: Prior to joining the Memorial Healthcare System Mr. Kendrick served as the Vice President of Human Resources for Tampa General Healthcare, Tampa Florida from September 1997- June 2000. Before joining Tampa General Healthcare Mr. Kendrick served as the Vice President of Human Resources for Cardinal Glennon Children’s Hospital, St. Louis Missouri (a member of the SSM Health Care System) from August 1985-September 1997. Prior to that Mr. Kendrick served in other human resource capacities such as Assistant Director of Personnel within the SSM Health Care System at St. Mary’s Health Center, St. Louis, Missouri from July 1978-August, 1985.

Education: Mr. Kendrick received his Bachelor of Science Degree and Master of Business Administration from Maryville College, St. Louis Missouri (now Maryville University) in 1983 and 1991. Mr. Kendrick also served as adjunct faculty at what is now Maryville University.

Affiliations: Member of the Society for Human Resource Management and a member of the Broward Community College Foundation Board of Directors

FOREST W. BLANTON, CHIEF INFORMATION OFFICER, MEMORIAL HEALTHCARE SYSTEM (November 2006 – Present) Age 57. As Chief Information Officer, Mr. Blanton is responsible for overseeing and leading the information technology department for the healthcare system.

Experience: Mr. Blanton has held several positions within the Memorial Healthcare System. From January, 1983 to November, 1984 he served as a Senior Management Engineer - from November, 1984 to April, 1987 he served as Director, Management Systems Engineering - from May, 1987 to February, 1989 he served as Director, Management Information Systems - from February, 1989 to August, 1989 he served as Director of Planning - from September, 1989 to March, 1993 he served as Assistant Administrator - from April, 1993 to April, 1995 he served as Associate Administrator - from May, 1995 to February, 1997 he served as Administrator, Systems and Outpatient Services - from February, 1997 to May, 2000 he served as Administrator, Management Information Systems - from May, 2000 to 2003 he served as Administrator, Management Systems. From 2003 to 2006 he served as Administrator- Process Engineering and from 2006 to present as Chief Information Officer. Prior to joining the Memorial Healthcare System, Mr. Blanton was a Senior Consultant with Price Waterhouse and Company (March. 1980 to December, 1982), a Production Planning Supervisor with Computer Products (October, 1979 to February, 1980) and a Production Planner with American Hospital Supply (October, 1977 to September, 1979).

Education: Mr. Blanton received his Bachelor of Science Degree with a major in Mathematics and Master of Science Degree in Operations Research, both from Stanford University in 1976.

Affiliations: Mr. Blanton is a Diplomat of the American College of Healthcare Executives. He is also a Certified Management Accountant and a Certified Data Processor

RODNEY E. MILLER, SR., ADMINISTRATOR AND CHIEF OPERATING OFFICER, MEMORIAL REGIONAL HOSPITAL (December, 2007 - Present), Age 35. As Administrator and Chief Operating Officer, Mr. Miller is responsible for the day-to-day operations of Memorial Regional Hospital, including all operational functions, as well as human resources, financial management, safety and risk management, and quality improvement activities.

Experience: Prior to joining the Memorial Healthcare System Mr. Miller served as President and CEO of Schneider Regional Medical Center, St. Thomas, U.S. Virgin Islands from May 2002 - November 2007. Prior to his employment with Schneider Regional Medical Center, Mr. Miller served in several capacities with Memorial Health University Medical Center in Savannah, Georgia from 1998 - 2002. These roles included Administrator of Cardiovascular and
Medicine Services, Director of Business Development and Agency Administrator of Care One Rehabilitation Services. Prior to that, Mr. Miller served as Paramedical Director of Care South Home Care Professionals, Inc. from November 1996 - August 1998. Mr. Miller also served six years in the United States Navy from August 1990 - May 1996.

**Education:** Mr. Miller earned a Bachelor of Science in Health Care Management from Park College in 1997 and a Master of Science in Administration with a concentration in Health Service Administration from Central Michigan University in 1999.

**Affiliations:** Mr. Miller is an acting member of the American College of Healthcare Executives; the National Association of Health Services Executives serving on the CEO Committee; the American Hospital Association serving as President; the American Dental Association serving on the Regional Policy Board 4; the Institute for Diversity in Health Management serving as a Board member on the Council on Access, Prevention and Inter-professional Relations; the Boy Scouts of America serving as a Board member; St. Thomas; the Young Presidents Organization and a brother of the Alpha Phi Alpha Fraternity, Incorporated

**NINA TUCKER BEAUCHESNE, ADMINISTRATOR, JOE DIMAGGIO CHILDREN’S HOSPITAL AND PEDIATRIC SERVICES FOR THE MEMORIAL HEALTHCARE SYSTEM** (May 1995 – Present) Age 42. As Administrator, Mrs. Beauchesne is responsible for the day-to-day operations of Joe DiMaggio Children’s Hospital.

**Experience:** Mrs. Beauchesne originally joined Memorial Hospital West in September 1991 as Assistant Administrator. At Memorial Hospital West, Mrs. Beauchesne oversaw the general ancillary and support departments as well as planned, designed and oversaw construction of the 27,000 square foot Fitness and Rehabilitation Center. Since 1995, as Administrator of JDCH, Mrs. Beauchesne is responsible for nursing and ancillary support of 133-bed children’s hospital. JDCH has won Best Pediatric Hospital for eleven consecutive years (1995-2006), Best Pediatric Emergency Department for 2006, 2005, 2004, 2003 and 2001, and Best Place for Services for Special Needs and Family Care for two years from South Florida Parenting Magazine, Best Nursing Team, Neonatal Intensive Care Unit by Advance for Nurses 2002 as well as Best Nursing Staff for 2001 from Florida Medical Business. In 1996, she developed a separate medical staff structure for the children’s hospital, reporting directly to the Board of Commissioners.

**Education:** Mrs. Beauchesne received her Bachelor of Arts degree in Psychology from Emory University in 1987 and a Master of Business Administration/Master of Health Sciences from the University of Florida in 1990.

**Affiliations:** Mrs. Beauchesne is a Fellow of the American College of Healthcare Executives. She serves on the Board of Directors of the Memorial Employees Federal Credit Union where she was President from 1994 – 2005. Mrs. Beauchesne previously served on the Board of Directors of Gilda’s Club of South Florida and the Greater Hollywood Chamber of Commerce. She is a graduate of Leadership Broward Foundation, Leadership Hollywood as well as Miramar/Pembroke Pines Chambers of Commerce.

**DOUGLAS A. ZAREN, ADMINISTRATOR, MEMORIAL REGIONAL HOSPITAL SOUTH** (March 2007 – Present) Age 49. In Mr. Zaren’s role as Administrator, he is responsible for the daily operations, and oversight of the hospital’s finances, human resources, safety and quality improvement initiatives, and risk management. Mr. Zaren is accountable to the Senior Vice-President of East Operations.

**Experience:** Mr. Zaren retired from the United States Navy in 1999 as a Lieutenant Commander after serving 23 consecutive years on active duty with assignments of increasing responsibility that concluded with the position of Officer In Charge and Administrator of the Naval Ambulatory Care Center in Gulfport, Mississippi. He was responsible for the P&L, ancillary services, nursing, medical staff, and medical readiness of the Atlantic U.S. Construction Battalions and oversaw physician credentialing and new services and program development.

In 1999, Mr. Zaren joined Tenet Health Care and became the Associate Administrator of Gulf Coast Medical Center and the Administrator of Gulf Oaks Hospital, Biloxi, Mississippi. In 2004, Mr. Zaren moved to Fort Lauderdale, Florida, and assumed the role of Chief Operating Officer of Florida Medical Center. In March 2007, Mr. Zaren left Florida Medical Center to become the Administrator of Memorial Healthcare System’s Memorial Regional Hospital South.

**Education:** Mr. Zaren received his Bachelor of Science degree in Management from University of West Florida, Pensacola, Florida, in 1993. He received a Master of Science in Healthcare Management from Central Michigan University, Mount Pleasant, Michigan, in 1995.

**Affiliations:** Mr. Zaren achieved Fellow status with the American College of Healthcare Executives. He is the past president of Mississippi Gulf Coast Healthcare Executive’s Forum. Mr. Zaren is a Fellow in the Health Care Advisory
Board’s Senior Leadership Academy, and graduate from their CEO Academy. Mr. Zaren is actively involved in civic, educational, cultural, church and community initiatives. He served as an adjunct professor at the University of Southern Mississippi and Webster University. Mr. Zaren also served on the board of the Lauderdale Lakes Economic Advisory Board. He serves on the board of the Hollywood Chamber of Commerce. Mr. Zaren is a member of the Hallandale Rotary Club, and he is currently participating in Leadership Hollywood.

AURELIO M. FERNANDEZ III, ADMINISTRATOR MEMORIAL HOSPITAL MIRAMAR (April 2007 – Present) Age 55. In Mr. Fernandez’s role as Administrator he is responsible for the day to day operations of Memorial Hospital Miramar, including all operational functions, as well as human resources, financial management, safety and risk management, and quality improvement activities.

Experience:
Mr. Fernandez joined the organization in April 2007 after working for Tenet Healthcare Corporation, South Florida Division for 11 years. While with Tenet he served as Executive Director for Tenet Network Management, Chief Operating Officer of Parkway Regional Medical Center, Chief Executive Officer of Hialeah Hospital and lastly, Chief Executive Officer of Florida Medical Center. Mr. Fernandez has been in healthcare for over 32 years, all of which have been in South Florida. Prior to joining Tenet, Mr. Fernandez was Chief Executive Officer of Pal-Med Health Services, the largest physician partnership in South Florida. Pal-Med provided outpatient services in imaging, same day surgery, outpatient labs, physician hospital organization PHO and case management for inpatient care. Mr. Fernandez has worked in a variety of other administrative roles in hospitals, risk arrangements and physician practice management. During this time he has been recognized by various organizations for his many accomplishments in the field of healthcare.

Education:
Mr. Fernandez received his Bachelor of Business Administration degree in Accounting from Florida International University, Miami, Florida, in June 1974. He received his Master of Health Services Administration from Florida International University, Miami, Florida, in August 1983.

Affiliations:
Mr. Fernandez is a member of the America College of Healthcare Executives; American Institute of Certified Public Accountants; Florida Institute of Certified Public Accountants and Healthcare Financial Management Association. He is on the Board of Catholic Health Services; Boys Scouts of America, South Florida Council; Past Chairman of the South Florida Hospital and Healthcare Association, Chairman of Audit Committee of the Broward County Housing Authority. Past Chairman of the Hialeah-Miami Springs Chamber of Commerce and Past Chairman for the Juvenile Diabetes Research Foundation Walk to Cure Diabetes. Mr. Fernandez has been recognized as Citizen of Broward County by the Boys Scouts of America in 2007, Citizen of Miami Springs by Kiwanis Club in 2003 and Member of the year 1995 by the Hialeah-Miami Springs Chamber of Commerce. He has served in numerous advisory committees for municipalities, chambers, professional associations and volunteer organizations throughout his thirty plus years in the community.

C. KENNON HETLAGE, ADMINISTRATOR, MEMORIAL HOSPITAL WEST (January 2007, - Present), Age 49. As Administrator, Mr. Hetlage is responsible for the day-to-day operations of Memorial Hospital West, including all operational functions, as well as human resources, financial management, safety and risk management, quality improvement activities, and medical staff development and organization.

Experience:  Mr. Hetlage joined Memorial Healthcare System as Assistant Administrator of Memorial Regional Hospital in May 1988. Mr. Hetlage served in various capacities including Administrator of Memorial Hospital Miramar, Administrator of Memorial Hospital Pembroke, Administrator of Memorial Regional Hospital, and Administrator of Cancer and Surgical Services. Prior to joining the South Broward Hospital District, Mr. Hetlage served in various capacities with Barnes Hospital in St. Louis, Missouri as the Associate Vice President. He also worked for the Putnam County Operation Life, Inc. as the Executive Director and Chief Executive Officer.

Education:  Mr. Hetlage received his Bachelor of Arts degree in Economics and Business, from DePauw University, Greencastle, Indiana in 1981, and a Master of Health Administration from the Washington University, St. Louis, Missouri in 1983.

Affiliations:  Mr. Hetlage is a Fellow of the American College of Healthcare Executives and a member of the American Hospital Association. He is a past President of the Greater Hollywood Chamber of Commerce, is on the Board of the United Way of Broward County, is Chairman of the Board of Directors of the South Florida Hospital Association and is a Board member of the Miramar Pembroke Pines Chamber of Commerce.
STRATEGIC DIRECTION

The Issuer’s over-arching strategy is to provide a healthcare delivery system centered around its flagship hospital (Memorial Regional Hospital, including the Joe DiMaggio Children’s Hospital) which provides high-end tertiary care services in adult and pediatric cardiology and cardio-vascular surgery, oncology, neuro-surgery and Level 1 trauma services. Each of the Issuer’s other hospitals and other facilities provide comprehensive community hospital-based care and serve as feeders to Memorial Regional Hospital and Joe DiMaggio Children’s Hospital. This strategy enables the Issuer to dominate its primary service area and also enables it to attract adult and pediatric patients from its secondary service area and beyond.

The Issuer seeks to execute its strategy and maintain its leadership role in providing safe, quality healthcare and to maintain its financial strength and viability through the execution of its strategic plans centered around a “Patient First” culture and the following Seven Pillars:

- Safety
- Quality
- Service
- People
- Finance
- Growth
- Community

Each of the Seven Pillars are integral to each other pillar with the ultimate common goal of continuing to provide the highest quality and safe care in the most cost efficient manner. The Seven Pillars are the foundation for the strategy to increase patient volume by providing care to patients in a safe, high quality and cost efficient manner, which drives favorable operating results that overcome market issues. Executive management through middle management are tasked with reaching specific goals within each pillar and are measured on a regular basis via a report card on their actual performance versus their goals. Every manager’s annual performance evaluation is based on his or her report card results. The Issuer’s Executive Management Team and Board of Commissioners monitor the progress toward achieving the overall goals within each pillar. The following is a brief description of the principal elements of each pillar.

Safety

The Issuer has placed significant emphasis on patient safety. Tools have been developed for monitoring and reporting on patient safety issues such as; medication errors, mislabeled specimens, sentinel events, among others. The Issuer has instituted a “no blame” policy, which enables a clinician to self-report an incident without risk of sanctions if reported within the proscribed time frame. The Issuer values the information gained from self-reported incidents. The knowledge gained from reported incidents ultimately reduces the number of incidents that may occur. The Issuer anticipates the “no blame” policy will enhance the quality of care and further strengthen the reputation of the Issuer’s facilities and higher patient volumes will ultimately accrue to the Issuer. The Issuer has also invested in equipment and systems to enhance patient safety.

Quality

The Issuer has made a commitment to achieve appropriate nurse-to-patient ratios to consistently deliver the highest quality of care in the marketplace. Significant emphasis has also been placed on reducing waiting times in the Issuer’s emergency departments. The Issuer has established quality standards in every department that are measured on a routine basis. The Issuer recognizes the importance of delivering high quality and excellent service in order to maintain its leadership position in the south Broward County marketplace.

The Issuer participates in the CMS Hospital Quality Initiative Project. The following table summarizes the Issuer’s significant achievements. The percentage scores represent, on average, how often the quality measures are achieved.

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Heart Attack</th>
<th>Heart Failure</th>
<th>Pneumonia</th>
<th>Surgical Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memorial Regional Hospital</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
<td>94%</td>
</tr>
<tr>
<td>Memorial Hospital West</td>
<td>96%</td>
<td>95%</td>
<td>97%</td>
<td>93%</td>
</tr>
<tr>
<td>Memorial Hospital Pembroke</td>
<td>100%</td>
<td>99%</td>
<td>98%</td>
<td>96%</td>
</tr>
<tr>
<td>Memorial Hospital Miramar</td>
<td>99%</td>
<td>94%</td>
<td>98%</td>
<td>69%</td>
</tr>
</tbody>
</table>

“Quality measures are used to gauge how well an entity provides care to its patients. Measures are based on scientific evidence and can reflect guidelines, standards of care, or practice parameters. A quality measure converts medical information from patient records into a rate or percentage that allows facilities to assess their performance” *Centers for Medicare & Medicaid Services web site*
Service
The Issuer mails a satisfaction survey to patients. The survey results are tabulated by Press-Ganey and benchmarked against survey results from approximately 700 hospitals that participate in the Press-Ganey survey program. The Issuer’s facilities generally score in the top 10% of hospitals for inpatient satisfaction. High levels of patient satisfaction provide a basis for continued strong patient volumes and an enhanced position in managed care contract negotiations.

The Service Pillar also addresses employee satisfaction. The Issuer recognizes the important role that employee satisfaction has in improving patient satisfaction. The bi-annual fiscal year 2007 Employee Opinion Survey demonstrated that the Issuer’s employees exceeded the national norm in positive feelings in all significant categories ranging from pride in working for the Issuer to embracing the Issuer’s corporate culture. The next survey is expected to be complete by the middle of fiscal year 2009.

People
The Issuer established “People” as a focus given the nursing shortage challenges. This pillar focuses primarily on turnover rates and nurse-to-patient ratios. As described above, employees of the Issuer exhibit higher levels of satisfaction with their employer than the national norm. The turnover rate for regular registered nurses was 10.4% and 8.6% for the fiscal years ended April 30, 2007 and through 11-months ending March 31, 2008, respectively. The Florida Hospital Association reported an average turnover rate for registered nurses in the state of Florida of 10.3% for the six-month period ending December 31, 2006, the most recent data available. The Issuer has committed to staff the nursing units with a registered nurse-to-patient ratio that achieves a proper balance between quality of care, safety, employee satisfaction and financial needs of the Issuer. The Issuer believes that the strategy implemented within this pillar will accrue significant advantages in recruitment and retention of registered nurses and other critical clinical positions.

Finance
The Finance Pillar was established to measure the results of the implementation of the other six pillars and to establish accountability for financial results from executive leadership through middle management. The key goals under this pillar include the following:

- Maintain net days in accounts receivable below 55 days
- Maintain days cash on hand, including board designated assets, above 180 days
- Maintain managed care denial rates below 2%

Each of these goals have been met or exceeded for the years ended April 30, 2007 and 2006.

Growth
The Issuer has developed significant growth strategies to continue to offer the highest quality, safe care in order to maintain its mission as the safety net provider in south Broward County and to enhance financial performance. The Growth Pillar focuses on expanding market share through offering specialized services including the following:

Joe DiMaggio Children’s Hospital
- Level II and III neonatal intensive care units
- Cardiac surgery, neurosurgery, orthopedic surgery, oncology, cystic fibrosis and trauma
- Affiliation agreements with key hospitals in south and southwest Florida

Memorial Regional Hospital
- Cardiac Surgery
- Memorial Regional Comprehensive Cancer Institute
- Interventional Medicine Program featuring highly trained physician specialists in the areas of cardiology, vascular medicine neurology and radiology
- Surgical Services
- Neurosciences

Memorial Regional Hospital South
- Comprehensive medical rehabilitation
- Orthopedics
- Surgical Services

Memorial Hospital West
- Memorial Hospital West Comprehensive Cancer Institute and Breast Center
• Interventional Cardiology
• Level II neonatal intensive care unit
• Women’s Center
• Diabetes Center
• Surgical Services

Memorial Hospital Pembroke
• Respiratory Special Care Unit
• Wound Care Center
• Surgical Services

Memorial Hospital Miramar
• Obstetrics and Pediatric Services
• Level II neonatal intensive care unit
• Surgical Services and OR Expansion
• Women’s Services

The Issuer develops master plans to address growth strategies at each of its facilities. These plans are updated annually and included in the Issuer’s 5-year capital plan. The Issuer anticipates spending approximately $580 million for capital items over the next 5-years and anticipates utilizing internally generated cash flow and existing resources to finance these expenditures. The following summarizes significant elements of the master plans by facility:

Memorial Regional Hospital
• Surgical services expansion/renovation
• Expansion of Memorial Cancer Institute
• Nursing unit modernization
• Addition of obstetric surgical unit for Cesarean Sections
• Energy plant expansion to accommodate growth

Joe DiMaggio Children’s Hospital
• Level III neonatal intensive care unit expansion
• Joe DiMaggio Children’s Hospital Pavilion

Memorial Regional Hospital South
• Consolidation of Rehabilitation Services
• Orthopedic Institute
• Women’s Health Imaging Center
• Infrastructure Upgrades

Memorial Hospital West
• Bed tower expansion
• Energy plant expansion to accommodate growth

Memorial Hospital Miramar
• Surgical services expansion
• Additional MRI unit
• Additional CT unit

Memorial Hospital Pembroke
• Nursing unit modernization

Community
The Issuer is the safety net provider in south Broward County. As such, the Issuer focuses its goal of the Community Pillar on improving the overall health status of the residents of south Broward County. The main tactic to achieve this goal is the expansion of primary care services through the Issuer’s primary care centers. The Issuer currently operates three primary care centers and one mobile adult and mobile pediatric health center. Plans are underway to add at least one more center in the east
Miramar area next year. These centers provided 98,835 medical encounters during fiscal year 2007. In addition to improving the health of disadvantaged members of the community, the primary care centers mitigate the rising costs of uncompensated care of the Issuer. Early intervention of disease processes in a primary care setting offers a significant cost-effective alternative to the Issuer’s emergency departments and inpatient units.

The Issuer’s strategy for addressing uncompensated care also includes the identification of revenue sources and cost control strategies in addition to the operation of the primary care centers. With respect to identification of revenue sources for indigent patients, the Issuer developed its Medicaid/third party eligibility unit, which pursues qualification of patients under the Medicaid program or other governmentally funded programs. In addition, the Issuer promotes the enrollment of adolescents into the Florida KidCare Program. The Issuer has also implemented a pilot program to target underserved neighborhoods with an intensive door-to-door outreach program, aimed at improving the health of this population.

The Issuer employs a utilization management program to assure quality and cost efficient care for the primary care patients admitted to the Issuer’s hospital facilities. In addition, the Issuer utilizes a disease management program for primary care patients with chronic illnesses including diabetes, asthma and hypertension. The Issuer also provides comprehensive prenatal care and counseling to minimize the incidents of low birth-weight babies and other disease processes.

**FACILITIES AND SERVICES**

The Issuer is one of the nation’s largest public hospital systems and the major regional referral health system in south Broward County offering services, including preventative, primary, secondary, and tertiary care, general and specialty hospital care, as well as acute and diagnostic outpatient care. It is one of the largest employers in south Broward County and employs more than 10,000 full- and part-time employees.

The following are the major services provided by the Issuer:

**Memorial Regional Hospital**

Memorial Regional Hospital, which opened in 1953 with 100 beds, is now a 690-licensed bed facility. It is the largest hospital in south Broward County, and one of the largest hospitals in Florida. The facility offers an extensive and diverse level of acute and tertiary services. Memorial Regional Hospital is five hospitals under one roof:

1. a community hospital,
2. a regional referral hospital offering the Memorial Cancer Institute and the Memorial Cardiac and Vascular Institute,
3. a psychiatric hospital,
4. a rehabilitation hospital, and
5. Joe DiMaggio Children's Hospital.

Memorial Regional Hospital is the major provider of emergency services in south Broward County and all of Broward County. The Emergency Department treated more patients than any other facility in Broward County during fiscal year 2007 and calendar year 2007. Memorial Regional Hospital was Broward County's first state-approved Pediatric Trauma Center and the hospital is currently a state-approved Level I Trauma Center, as well. In May 2005, the Pediatric Emergency Department opened. It has a separate entrance and waiting area, an indoor and an outdoor play area and separate parking and has provided the Issuer the ability to expand capacity and add pediatric trauma rooms. The major services provided by Memorial Regional Hospital include the following services for adult patients: neurosurgery, stereotactic radiosurgery, cancer, cardiac, obstetrics, orthopedics, trauma and emergency services. Other services include primary care, extensive outpatient diagnostic testing, same day surgery, outpatient substance abuse, children, adolescent and adult psychiatric services, and adult substance abuse.

The Cardiovascular Institute at Memorial Regional Hospital is a comprehensive cardiac program supported by cardiologists and cardiovascular surgeons qualified to treat the most difficult cases. In fiscal year 2007, a total of 703 open-heart surgeries were performed at Memorial Regional Hospital. Diagnostic services range from non-invasive EKG, echocardiology, exercise stress testing, and Holter monitoring, to the more invasive procedure of thallium scanning.

Other cardiac services offered include cardiac catheterization for adults and children, cardiac surgery/open-heart surgery for adults and children, cardiac rehabilitation, health and fitness programs, emergency cardiac services, community education (cardiac programs) and a nutritional support team. Facilities include a designated 16-bed coronary care unit, a 63-bed progressive cardiac care unit, an 8-bed open-heart intensive care unit, and 136 other beds with heart monitoring equipment. In addition, the pediatric program includes a 6-bed pediatric cardiac care unit.
Memorial Regional Hospital’s neuroscience services department is one of the most comprehensive neurological diagnostic and treatment centers for head, neck and spinal cord injuries in southeast Florida. It is one of the few neuroscience departments located within a comprehensive tertiary care community hospital, where neuroscience patients receive total care in one facility.

The Issuer has employed neurosurgeons available around the clock, board-certified practitioners in the field of neurology, as well as specially trained nurses, therapists, electroencephalography (recording of the brain waves) technicians and technologists who deliver specialized neurological care. The Issuer also has a pediatric neurologist and a pediatric neurosurgeon on staff, specially trained neuroscience nurses, a specialized 8-bed neurosurgery intensive care unit, a dedicated 44-bed neuro-specialty floor, and a comprehensive 42-bed inpatient rehabilitation unit. This includes a 36-bed adult comprehensive rehabilitation unit and a 6-bed pediatric rehabilitation unit.

The Memorial Cancer Institute at Memorial Regional Hospital offers personalized care and a wide range of pediatric and adult cancer services. The main components of the Memorial Cancer Institute include a 36-bed specialized cancer care unit, surgical, and therapeutic capabilities. This specialized unit along with the three former outpatient centers relocated to the Memorial Medical Office Centre on the campus of Memorial Regional Hospital in late 1995. The Memorial Cancer Institute offers comprehensive services, including radiation oncology, medical oncology, laser surgery, and oncologic surgery. The specialized cancer unit was designed to care for the patient (adult and adolescent) and provide support for his or her family. The philosophy of this unit is total care; that is, to provide for the diagnostic, therapeutic, nutritional, rehabilitative, psychosocial, and spiritual needs of the patient and the family.

In December 2007, Memorial Regional Hospital received Certificate of Need approval from the Agency for Health Care Administration to combine its' inpatient Comprehensive Medical Rehabilitation Program with the program located at Memorial Regional Hospital South. This will provide Memorial Regional Hospital with the ability to utilize this space for the addition of acute care beds to relieve capacity constraints that the facility experiences during various times of the year.

The continuum of care at Memorial Regional Hospital has been augmented by its senior day care programs and outpatient services which are provided at the Memorial Outpatient Center – Hallandale located in Hallandale, Florida.

Memorial Regional Hospital has added new programs including the development of the Neurovascular Suite, LightSpeed CT Scanner (heart and lung), and the Interventional Medicine Program (cardiology, vascular medicine, neurology and radiology). In addition, the Pediatric Emergency Department and the Adult Emergency Department expansions were completed during the first quarter of fiscal 2006 and third quarter of 2007 respectively.

**Memorial Regional Hospital South**

Memorial Regional Hospital South, operating as a satellite of Memorial Regional Hospital, (formerly known as the Tenet Healthcare facility Hollywood Medical Center), was acquired by the Issuer on December 1, 2006 and is included as a facility listed on the license of Memorial Regional Hospital. The facility is a 324-licensed bed acute care hospital with 172 available beds. The hospital has a 33-bed rehabilitation unit a 20-bed hospice unit a 7-bed Intensive care unit, and a 7-bed Critical care unit. The Issuer is currently analyzing and planning uses for the facility in hopes of alleviating capacity constraints at Memorial Regional Hospital. As stated previously, the inpatient rehabilitation unit at Memorial Regional Hospital will combine the unit that is currently located at Memorial Regional Hospital South to make one unit. With this acquisition, the total licensed beds are 1,014 for both Memorial Regional Hospital and its satellite hospital Memorial Regional Hospital South.

**Joe DiMaggio Children's Hospital at Memorial Regional Hospital**

Dedicated on September 17, 1992, Joe DiMaggio Children’s Hospital at Memorial Regional Hospital offers a comprehensive scope of inpatient and outpatient pediatric programs supervised by the largest diversity of board-certified pediatric specialists in the region. Of the 690 licensed beds at Memorial Regional Hospital, 133 beds are designated as Joe DiMaggio Children’s Hospital. This facility is staffed 24 hours a day by a team of pediatricians, pediatric specialists, specialty trained pediatric nurses and ancillary support staff located within Memorial Regional Hospital and has the most comprehensive level of children’s services in Broward and Palm Beach counties. Joe DiMaggio Children’s Hospital has hospital-based pediatricians, pediatric intensivists, pediatric cardiothoracic surgeons, pediatric orthopedic surgeons, neonatologists, pediatric oncologist/hematologists, pediatric pulmonologists, and pediatric endocrinologists.

Joe DiMaggio Children’s Hospital has experienced an increase in its service area through its dedicated and highly qualified pediatricians, pediatric specialists and outreach activities including affiliation agreements with several hospitals in south and southwest Florida.
The services provided at Joe DiMaggio Children’s Hospital include, but are not limited to: allergy/immunology; anesthesia; cardiology; cardiac surgery; developmental services; emergency services; infectious disease; intensive care services; neonatology; nephrology; neurology; ophthalmology; otolaryngology; perinatology; plastic surgery; psychiatry; pulmonary medicine; radiology; rehabilitative services; surgery; trauma service; and urology.

Joe DiMaggio Children’s Hospital is the only hospital in the area to offer comprehensive programs in the following highly specialized pediatric areas: cardiac catheterization and cardiac surgery; endocrinology; gastroenterology; hematology/oncology; neurosurgery; orthopedic surgery, and psychiatry. The children’s hospital’s 6-bed comprehensive medical rehabilitation is the only such unit in Broward County.

Joe DiMaggio Children’s Hospital is designated by the State of Florida as a regional perinatal intensive care center and has 22 Level II Neonatal Intensive Care Unit (NICU) beds and 19 Level III NICU beds. The facility has a dedicated pediatric intensive care unit, a pediatric acute care unit and a prevention/early intervention development program (in which various forms of stimulation are used to promote normal development).

The "Memorial Kids" Center for Pediatric Oncology is located within the Memorial Cancer Institute, located in the Memorial Medical Office Centre on the campus of Memorial Regional Hospital. The well equipped and tastefully decorated center offers chemotherapy and laboratory services in a private, supportive, and comforting atmosphere.

Joe DiMaggio Children’s Hospital is one of fewer than 100 hospitals worldwide to introduce a life-saving procedure for babies with severe respiratory problems, known as Extracorporeal Membrane Oxygenation (ECMO). Joe DiMaggio Children’s Hospital has enhanced its ambulance transport services by adding an aeromedical transport program for patients living outside the region. In fiscal years 2006 and 2007, 1,883 and 1,869, respectively, neonatal and pediatric patients were transported from other hospitals for specialized services. During the first 11-months of fiscal year 2008, 1,737 neonatal and pediatric patients were transported from other hospitals for specialized services. In addition, the facility added a pediatric mobile health center, additional sleep rooms at the Conine Clubhouse (a facility that can house patient families), on-site schooling for hospitalized children and received State designations for the following programs: Regional Perinatal Intensive Care Center, Pediatric Hematology/Oncology, Pediatric Cleft/Craniofacial, Pediatric Cardiology and Cardiac Surgery and Pediatric Hemodialysis.

Joe DiMaggio Children’s Hospital is planning the construction of a stand-alone children’s hospital to be located across the street from Memorial Regional Hospital. Current plans include a 20-bed Pediatric Oncology Unit, 20-bed Surgical Unit, and additional operating rooms. Also planned is the expansion of the Neonatal Intensive Care Unit on the main campus. Funding for this construction will come from philanthropy and the Issuer’s resources.

Memorial Hospital West

Memorial Hospital West is a state of the art facility. It features The Memorial Cancer Institute, a Women’s Center, a Family Birth place, a Diabetes Center, Adult and Pediatric Emergency Departments, General Medical/Surgical services, and an Intensive/Coronary Care Unit.

Memorial Hospital West is currently a 100% private-room, 299-licensed bed facility, including 20 Level II neonatal intensive care beds. Memorial Hospital West was the third busiest emergency department in Broward County during calendar year 2007. The facility has the largest obstetrical program in the County with 4,923 and 4,914 deliveries in fiscal year 2007 and 2006, respectively and 4,557 deliveries in the first 11-months of fiscal year 2008. The facility was the first in Florida to offer emergency angioplasty services without open-heart backup. This service will be complemented by the addition of elective angioplasty services in approximately one year when the new State standards and rules are adopted.

In order to provide more opportunity for adult admissions, the Issuer relocated its 12-bed pediatric inpatient unit to Memorial Hospital Miramar. The vacated unit required only minor renovations to convert it for adult patients.

In April 2008, Memorial Hospital West opened the Breast Cancer Center which is a sister facility to the center located at Memorial Regional Hospital, in Hollywood, Florida. The new location offers comprehensive, individualized care from a multidisciplinary team of experts. In addition to leading-edge medical treatment, there are such complementary and alternative therapies as massage, acupuncture and Chinese herbal medicine. To help patients transition through every stage of illness and recovery, we also offer such diverse support services as dietary counseling, lymphedema treatment and psychological counseling.
Memorial Hospital Pembroke

Memorial Hospital Pembroke is a 301-licensed bed acute care facility. The unique services specific to this hospital include a special respiratory unit for those individuals who are ventilator dependent or require the use of specialty respiratory services, a hospice unit, a wound care program including a hyperbaric oxygen chamber, a sleep disorders program, a Memory Disorders Center, and a sick child care program. During fiscal 2007 HCA Inc. sold Memorial Hospital Pembroke to Hospital Realty LLC. Memorial Hospital Pembroke is leased from Hospital Realty LLC, under a lease agreement that expires July 1, 2025.

Memorial Hospital Miramar

Memorial Hospital Miramar is a 100% private-room 178-licensed bed facility with 114 medical/surgical beds, a specially designed Maternity Unit with 36 suites supported by the LDR (labor-delivery-recovery) service and an Intensive Care/Critical Care Unit with 18-beds and a 10-bed level II neonatal intensive care unit. During fiscal 2008, the Issuer constructed a new 40-bed medical-surgical tower and the 10-bed neonatal intensive care unit and opened the 12-bed pediatric inpatient unit formerly housed at Memorial Hospital West that was mentioned above.

The Issuer opened Memorial Hospital Miramar on March 17, 2005. The strategy to build a hospital in the western part of the Issuer’s service area was consistent with the strategy employed by the Issuer in constructing Memorial Hospital West. Similar to the service area at Memorial Hospital West, the Issuer expects significant population growth in the southwestern service area and a favorable payor mix.

The hospital offers a comprehensive array of medical and surgical services, including: allergy, bariatric surgery, cardiology, emergency (adult and pediatric), endocrinology, gastroenterology, gynecology, infectious disease, nephrology, neurology, obstetrics, otolaryngology, oncology/hematology, oral surgery, orthopaedics, newborn nursery, peripheral vascular surgery, plastic surgery, podiatry, pulmonary medicine, thoracic surgery and urology. A state-of-the-art adult and pediatric Emergency Department is staffed by highly trained physicians specializing in emergency medicine. A separate pediatric Emergency Department, affiliated with Joe DiMaggio Children’s Hospital, is staffed by physicians board-certified in both pediatrics and emergency medicine.

Memorial Manor

Opened in 1989, Memorial Manor is Broward County's only public, skilled nursing facility. Memorial Manor is a 120-licensed bed facility, providing long-term nursing home care and short-term rehabilitative care for its residents. This facility is dedicated to meeting the medical and psychosocial needs of its residents. Memorial Manor has 11 respiratory beds for individuals requiring ventilator and/or tracheotomy care, extensive restorative care programs in physical, occupational and speech therapy, a comprehensive therapeutic recreation program and social services. The Memorial Manor serves as a cost effective alternative as a step-down unit from the Issuer’s acute care facilities. The Issuer is able to transfer certain long-term ventilator patients and other patients into the more appropriate, lower-cost setting at Memorial Manor. For fiscal year 2007 and 2006, Memorial Manor Nursing Home achieved an occupancy rate of 95.3% and 95.7%, respectively.

Memorial Home Health Services

Memorial Home Health Services, which began operations in October 1992, is a Florida-licensed, Medicare and Medicaid-certified home health agency operated by the Issuer. The agency, which provides medically necessary, intermittent care in the privacy and comfort of home, offers a full range of services including skilled nursing, IV therapy, psychiatric nursing, physical therapy, occupational therapy, speech therapy and medical social services. In conjunction with Joe DiMaggio Children's Hospital, Memorial Home Health Services also provides home pediatric care. In fiscal year’s 2006 and 2007, the home health service provided 48,149 and 54,620 respective visits. For the eleven months ended March 31, 2008 the home health service provided 49,844 visits.

Primary Care Services

The goal of Primary Care Services is to improve the overall health of the south Broward community by increasing access to healthcare for uninsured residents. In that regard, Memorial Healthcare System's Primary Care Services provide safe, quality, cost-effective and coordinated healthcare to eligible patients, with an emphasis on customer service and respect for the dignity of individual patients served.
In January 1992, the Issuer took full responsibility for the operations of the South Broward Prenatal Care Clinics, formerly operated by the State of Florida. Within the following year, the Issuer took over operations of the Pediatrics Clinic in the same facility. Since then, Primary Care Services has provided comprehensive pediatrics, obstetrical and prenatal care for residents of the South Broward Hospital District. In October 1993, the Issuer contracted with Broward County to provide primary healthcare for adult residents of south Broward County. This contract was renewed in 1997, 2001, 2004 and 2007. The current contract extends through September 30, 2008, and is expected to be renewed for an additional one to three years. In fiscal year’s 2006 and 2007, Primary Care Service provided 86,752 and 98,835, total medical encounters respectively. For the eleven months ended March 31, 2008, the Primary Care Service provided 94,876, total medical encounters.

Additional Programs and Services

In March 1992, the Issuer established a Diabetes Treatment Center, which provides inpatient and outpatient diabetes treatment at Memorial Regional Hospital and Memorial Hospital West for both adult and pediatric patients. The Diabetes Center is American Diabetes Association certified.

During fiscal year 2003, the Health and Fitness Center at Memorial Regional Hospital relocated off of the campus of Memorial Regional Hospital. The facility contains an aerobic/exercise room, nautilus and free weights, and other exercise equipment. The facility also provides various services, including a supervised cardiac rehabilitation program. In 1995, Memorial Hospital West's Fitness and Rehabilitation Center opened. This 27,000 square foot fitness and rehabilitation facility offers cardiac rehabilitation, physical, occupational, speech, sports, and aquatic therapies.

Windstorm Risk Mitigation

As a result of an increase in hurricane activity during the past several years, the Issuer initiated windstorm damage risk mitigation projects at Memorial Regional Hospital and Memorial Hospital West. The projects entail strengthening all exterior walls, roofs, and windows to withstand severe hurricane conditions. The project at Memorial Hospital West was completed in 2006 and the project at Memorial Regional Hospital was completed in the second fiscal quarter of 2008. Memorial Hospital Miramar was built to current windstorm building code. The Issuer plans to initiate a similar project at Memorial Regional Hospital South, and currently has no plans for the leased Memorial Hospital Pembroke facility.

SERVICE AREA

The primary service area of the Issuer extends approximately north to I-595, south to the Miami-Dade County line, east to the Atlantic Ocean and west to the Collier County line. Municipalities within the service area include Cooper City, Dania Beach, Davie, Hallandale, Hollywood, Miramar, Pembroke Park, Pembroke Pines, Weston, West Park and Southwest Ranches. Parts of unincorporated Broward County also are included. The secondary service area extends north to the Palm Beach County line and south to the northern portions of Miami-Dade County.

The following table shows for the applicable period, the percent of total admissions to the Issuer from the primary, secondary, and other areas of the overall service area.

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Fiscal Year 4/30/07</th>
<th>11- Months 3/31/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Service Area</td>
<td>66.8%</td>
<td>64.3%</td>
</tr>
<tr>
<td>Secondary Service Area</td>
<td>26.6%</td>
<td>28.8%</td>
</tr>
<tr>
<td>All other Admissions</td>
<td>6.6%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Issuer records

At April 30, 2007 and March 31, 2008, the Issuer operated all of the general acute care hospitals in its primary service area.


POPULATION TRENDS

Statistics showing historical and projected population growth in the service area from 2000 through 2020 are presented in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Historical</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broward County</td>
<td>1,623,018</td>
<td>1,759,591</td>
</tr>
<tr>
<td>Florida</td>
<td>15,982,824</td>
<td>18,251,243</td>
</tr>
<tr>
<td>United States</td>
<td>281,421,906</td>
<td>301,621,157</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic and Business Research for Broward County and State of Florida, U.S. United States Census Bureau

The above projections from the United States Census Bureau may not adequately consider in the near term the recent trend in out-migration in Florida and Broward County

BED COMPLEMENT

The table below summarizes the Issuer’s licensed bed capacity as of March 31, 2008.

<table>
<thead>
<tr>
<th></th>
<th>Memorial Regional Hospital/ Joe DiMaggio Children's Hospital</th>
<th>Memorial Regional Hospital South</th>
<th>Memorial Hospital West</th>
<th>Memorial Hospital Pembroke</th>
<th>Memorial Hospital Miramar</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical/Surgical</td>
<td>352</td>
<td>277</td>
<td>195</td>
<td>277</td>
<td>82</td>
<td>1,183</td>
</tr>
<tr>
<td>Critical Care Adult</td>
<td>62</td>
<td>14</td>
<td>32</td>
<td>24</td>
<td>18</td>
<td>150</td>
</tr>
<tr>
<td>Critical Care Pediatric</td>
<td>22</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>54</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>66</td>
</tr>
<tr>
<td>Obstetrics/Gynecology Services</td>
<td>51</td>
<td>0</td>
<td>52</td>
<td>0</td>
<td>56</td>
<td>159</td>
</tr>
<tr>
<td>Adult Psychiatry</td>
<td>45</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Child and Adolescent Psychiatry</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Adult Substance Abuse</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Neonatal ICU</td>
<td>41</td>
<td>0</td>
<td>20</td>
<td>0</td>
<td>10</td>
<td>71</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>42</td>
<td>33</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>690</strong></td>
<td><strong>324</strong></td>
<td><strong>299</strong></td>
<td><strong>301</strong></td>
<td><strong>178</strong></td>
<td><strong>1,792</strong></td>
</tr>
</tbody>
</table>

The Issuer also operates 120 licensed nursing home beds at its Memorial Manor Nursing Home facility.
MEDICAL STAFF BY SPECIALTY, BOARD CERTIFICATION AND AGE

The Issuer maintains a centralized credentialing process for medical staff privileges. As of March 31, 2008 there were 1,752 physicians, psychologists, psychiatrists, and dentists with medical staff privileges, up from 1,503 physicians on staff as of April 30, 2007. The following tables provide certain information relating to the medical staff as of March 31, 2008.

<table>
<thead>
<tr>
<th>Medical Specialties</th>
<th>Total Physicians</th>
<th>Number of Board Certified Physicians</th>
<th>Percent of Board Certified Physicians</th>
<th>Average Age of Total Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allergy</td>
<td>6</td>
<td>5</td>
<td>83%</td>
<td>52</td>
</tr>
<tr>
<td>Anesthesiology</td>
<td>133</td>
<td>98</td>
<td>74%</td>
<td>46</td>
</tr>
<tr>
<td>Cardiology</td>
<td>76</td>
<td>75</td>
<td>99%</td>
<td>50</td>
</tr>
<tr>
<td>Critical Care Medicine</td>
<td>16</td>
<td>14</td>
<td>88%</td>
<td>46</td>
</tr>
<tr>
<td>Dermatology</td>
<td>38</td>
<td>34</td>
<td>89%</td>
<td>50</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>84</td>
<td>49</td>
<td>58%</td>
<td>42</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>9</td>
<td>7</td>
<td>78%</td>
<td>55</td>
</tr>
<tr>
<td>Family Practice</td>
<td>119</td>
<td>93</td>
<td>78%</td>
<td>50</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>27</td>
<td>25</td>
<td>93%</td>
<td>48</td>
</tr>
<tr>
<td>Gynecological Oncology</td>
<td>5</td>
<td>3</td>
<td>60%</td>
<td>44</td>
</tr>
<tr>
<td>Gynecology Only</td>
<td>3</td>
<td>3</td>
<td>100%</td>
<td>59</td>
</tr>
<tr>
<td>Hematology/Oncology</td>
<td>33</td>
<td>29</td>
<td>88%</td>
<td>50</td>
</tr>
<tr>
<td>Infectious Disease</td>
<td>11</td>
<td>11</td>
<td>100%</td>
<td>51</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>195</td>
<td>161</td>
<td>83%</td>
<td>45</td>
</tr>
<tr>
<td>Neonatal-Perinatal Medicine</td>
<td>23</td>
<td>23</td>
<td>100%</td>
<td>51</td>
</tr>
<tr>
<td>Nephrology</td>
<td>25</td>
<td>21</td>
<td>84%</td>
<td>50</td>
</tr>
<tr>
<td>Neurology</td>
<td>29</td>
<td>25</td>
<td>86%</td>
<td>48</td>
</tr>
<tr>
<td>Neuroradiology</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>43</td>
</tr>
<tr>
<td>Non-Surgical Orthopedics</td>
<td>4</td>
<td>3</td>
<td>75%</td>
<td>66</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
<td>83</td>
<td>59</td>
<td>71%</td>
<td>45</td>
</tr>
<tr>
<td>Occupational Medicine</td>
<td>1</td>
<td>0</td>
<td>0%</td>
<td>59</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>28</td>
<td>25</td>
<td>89%</td>
<td>56</td>
</tr>
<tr>
<td>Pathology, Clinical</td>
<td>20</td>
<td>20</td>
<td>100%</td>
<td>50</td>
</tr>
<tr>
<td>Perinatology</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>49</td>
</tr>
<tr>
<td>Physical Medicine &amp; Rehabilitation</td>
<td>11</td>
<td>9</td>
<td>82%</td>
<td>50</td>
</tr>
<tr>
<td>Podiatry</td>
<td>45</td>
<td>13</td>
<td>29%</td>
<td>41</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>19</td>
<td>2</td>
<td>11%</td>
<td>51</td>
</tr>
<tr>
<td>Psychology</td>
<td>14</td>
<td>0</td>
<td>0%</td>
<td>53</td>
</tr>
<tr>
<td>Pulmonary Disease</td>
<td>19</td>
<td>18</td>
<td>95%</td>
<td>49</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>5</td>
<td>4</td>
<td>80%</td>
<td>43</td>
</tr>
<tr>
<td>Radiology</td>
<td>52</td>
<td>50</td>
<td>96%</td>
<td>46</td>
</tr>
<tr>
<td>Reproductive Endocrinology</td>
<td>15</td>
<td>13</td>
<td>87%</td>
<td>49</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>6</td>
<td>6</td>
<td>100%</td>
<td>53</td>
</tr>
</tbody>
</table>

Total of Medical Specialties       | 1,160            | 904                                  | 78%                                  | 50                              |
<table>
<thead>
<tr>
<th>Pediatric Specialties</th>
<th>Total Physicians</th>
<th>Number of Board Certified Physicians</th>
<th>Percent of Board Certified Physicians</th>
<th>Average Age of Total Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allergy</td>
<td>7</td>
<td>5</td>
<td>71%</td>
<td>52</td>
</tr>
<tr>
<td>Cardiology</td>
<td>18</td>
<td>16</td>
<td>89%</td>
<td>46</td>
</tr>
<tr>
<td>Critical Care Medicine (ICU)</td>
<td>6</td>
<td>6</td>
<td>100%</td>
<td>39</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>32</td>
<td>20</td>
<td>63%</td>
<td>41</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>5</td>
<td>4</td>
<td>80%</td>
<td>47</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>8</td>
<td>4</td>
<td>50%</td>
<td>41</td>
</tr>
<tr>
<td>Hematology-Oncology</td>
<td>5</td>
<td>4</td>
<td>80%</td>
<td>43</td>
</tr>
<tr>
<td>Infectious Disease</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>46</td>
</tr>
<tr>
<td>Nephrology</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>47</td>
</tr>
<tr>
<td>Neurology</td>
<td>4</td>
<td>3</td>
<td>75%</td>
<td>54</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>6</td>
<td>3</td>
<td>50%</td>
<td>39</td>
</tr>
<tr>
<td>Orthopedics Surgery</td>
<td>4</td>
<td>3</td>
<td>75%</td>
<td>43</td>
</tr>
<tr>
<td>Pulmonary</td>
<td>7</td>
<td>7</td>
<td>100%</td>
<td>53</td>
</tr>
<tr>
<td>Surgery</td>
<td>6</td>
<td>6</td>
<td>100%</td>
<td>52</td>
</tr>
<tr>
<td>Urology</td>
<td>2</td>
<td>2</td>
<td>100%</td>
<td>43</td>
</tr>
<tr>
<td>General Pediatrics</td>
<td>243</td>
<td>216</td>
<td>89%</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total of Pediatric Specialties</strong></td>
<td><strong>359</strong></td>
<td><strong>305</strong></td>
<td><strong>85%</strong></td>
<td><strong>46</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surgical Specialties</th>
<th>Total Physicians</th>
<th>Number of Board Certified Physicians</th>
<th>Percent of Board Certified Physicians</th>
<th>Average Age of Total Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardiovascular</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>46</td>
</tr>
<tr>
<td>Colon &amp; Rectal</td>
<td>4</td>
<td>4</td>
<td>100%</td>
<td>53</td>
</tr>
<tr>
<td>General</td>
<td>33</td>
<td>27</td>
<td>82%</td>
<td>50</td>
</tr>
<tr>
<td>Head &amp; Neck</td>
<td>28</td>
<td>21</td>
<td>75%</td>
<td>49</td>
</tr>
<tr>
<td>Neurological</td>
<td>8</td>
<td>7</td>
<td>88%</td>
<td>51</td>
</tr>
<tr>
<td>Oncological</td>
<td>3</td>
<td>2</td>
<td>67%</td>
<td>45</td>
</tr>
<tr>
<td>Oral Maxillofacial</td>
<td>22</td>
<td>10</td>
<td>45%</td>
<td>53</td>
</tr>
<tr>
<td>Orthopedic</td>
<td>45</td>
<td>37</td>
<td>82%</td>
<td>47</td>
</tr>
<tr>
<td>Peripheral Vascular</td>
<td>5</td>
<td>5</td>
<td>100%</td>
<td>51</td>
</tr>
<tr>
<td>Plastic</td>
<td>40</td>
<td>22</td>
<td>55%</td>
<td>44</td>
</tr>
<tr>
<td>Thoracic/Cardiovascular</td>
<td>6</td>
<td>6</td>
<td>100%</td>
<td>53</td>
</tr>
<tr>
<td>Trauma</td>
<td>6</td>
<td>3</td>
<td>50%</td>
<td>34</td>
</tr>
<tr>
<td>Urological</td>
<td>29</td>
<td>24</td>
<td>83%</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total of Surgical Specialties</strong></td>
<td><strong>233</strong></td>
<td><strong>172</strong></td>
<td><strong>74%</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

| Total All Specialties                   | **1,752**        | **1,381**                            | **79%**                              | **47**                          |
HISTORICAL UTILIZATION STATISTICS

The table below presents certain historical utilization statistics of the Issuer:

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year Ended April 30</th>
<th>Eleven Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2006</td>
</tr>
<tr>
<td>Admissions (1)</td>
<td>68,210</td>
<td>74,551</td>
</tr>
<tr>
<td>Patient Days (1)</td>
<td>324,593</td>
<td>358,957</td>
</tr>
<tr>
<td>Average Length of Stay (Days)</td>
<td>4.76</td>
<td>4.81</td>
</tr>
<tr>
<td>Average Daily Census</td>
<td>889.3</td>
<td>983.4</td>
</tr>
<tr>
<td>Licensed Beds (2)</td>
<td>1,234</td>
<td>1,387</td>
</tr>
<tr>
<td>Percent of Occupancy (3)</td>
<td>72.00%</td>
<td>70.90%</td>
</tr>
<tr>
<td>Outpatient Visits (4)</td>
<td>636,354</td>
<td>636,100</td>
</tr>
<tr>
<td>Emergency Room Visits</td>
<td>221,461</td>
<td>253,420</td>
</tr>
</tbody>
</table>

(1) Excludes newborns
(2) Represents the weighted average number of licensed beds during the year
(3) Decline in percent occupancy is due to additional licensed beds
(4) Includes Urgent Care Center and Home Health Visits

LEVY AND COLLECTION OF TAXES

The Board of Commissioners of the Issuer is authorized to levy a tax annually upon real and personal taxable property located within the boundaries of the Issuer at a millage rate not to exceed 2.5000 mills. The taxes collected pursuant to this levy can be used for the purposes and needs of the Issuer such as operations, debt service, and construction. Such ad valorem taxes cannot be pledged directly or indirectly to pay revenue bonds; however, there is no prohibition on the use of such taxes once collected. Ad valorem taxes can be used for Voted Debt Service. Millage used to service Voted Debt Service is part of the total tax levy, which cannot exceed 2.5000 mills. The Issuer generally applies the tax proceeds of such taxes for indigent patient care services. The following table sets forth, for the fiscal years 2005, 2006, 2007 and projected 2008 the millage, assessed valuation and taxes levied.

<table>
<thead>
<tr>
<th>Levy and Collection of Taxes ($ In Thousands)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millage</td>
<td>1.5761</td>
<td>1.4500</td>
<td>1.3300</td>
<td>1.1643</td>
</tr>
<tr>
<td>Assessed Valuation</td>
<td>$33,137,000</td>
<td>$38,736,000</td>
<td>$46,964,000</td>
<td>$53,069,000</td>
</tr>
<tr>
<td>Taxes Levied</td>
<td>$52,228</td>
<td>$56,167</td>
<td>$62,462</td>
<td>$61,789</td>
</tr>
</tbody>
</table>

The 2007 Florida Legislature passed certain property tax reforms which included a mandatory 3% reduction to the 2008 rolled-back millage rate which resulted in a $673,000 reduction in revenues over the prior fiscal year. The reforms also included new voting measures which require the Board of Commissioners to achieve a two-thirds majority vote to increase the tax levy to certain levels, a unanimous vote of the Board of Commissioners to increase the tax levy above that required by two-thirds vote and finally a voter referendum to approve a tax levy above that required by a unanimous vote of the Board of Commissioners. Prior to these reforms, the Board, by simple majority vote, could have increased the tax levy to the maximum rate of 2.5000 mills.

In 2008, the citizens of Florida approved an amendment to the Constitution of the State of Florida providing additional property tax reform. This amendment included increasing the homestead exemption by another $25,000, extending the $25,000 exemption to personal property owned by businesses and increasing the homestead exemption for elderly homeowners over the age of 65 subject to a $25,000 annual income limitation. The estimated effect of this amendment is an 8% reduction to the assessed values of real and personal property. The actual effect on the assessed values will not be known until the summer of 2008. The actual effect on the tax levy will not be known until the Board of Commissioners of the South Broward Hospital District holds its required property tax hearings and votes on the matter in September 2008.

In fiscal years 2005, 2006 and 2007, net tax revenues accounted for approximately 4% of total revenues for the Issuer.
Master Trust Indenture

As of April 30, 2007, the Issuer had $435,294,573 aggregate principal amount of long-term debt that was comprised of $412,635,000 in bonds outstanding and $22,659,573 in revenue certificates. The Obligations issued under the Master Trust Indenture are payable solely from and are secured by a pledge of and lien on the Gross Revenues of the obligated group (currently the System) and any further member of the obligated group and certain Accounts created under the Master Trust Indenture, provided, however, the lien and pledge of the Accounts under the Master Indenture does not extend to the Obligations issued for the benefit of the holders of the revenue certificates.

Maximum Annual Debt Service

The Issuer's maximum annual debt service for the Outstanding Indebtedness for the fiscal years ended April 30, 2006 and 2007 was approximately $28,584,000 and $28,355,000 respectively. The maximum annual debt service coverage on Outstanding Indebtedness computed as provided in the Indenture for the years ended April 30, 2006 and 2007 are set forth below. The Indenture provides for the amortization of balloon payments over 30 years and stipulates an interest rate equal to the rate borne by such indebtedness on the date calculated.

<table>
<thead>
<tr>
<th>Fiscal Year Ending April 30</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income Available for Debt Service</td>
<td>$140,865,000</td>
<td>$206,361,480</td>
</tr>
<tr>
<td>Maximum Annual Debt Service (MADS) on Outstanding Indebtedness as provided in the Indenture</td>
<td>$28,584,000</td>
<td>$28,355,000</td>
</tr>
<tr>
<td>Maximum annual debt service coverage ratio as provided in the Indenture (Based on 110% of MADS)</td>
<td>4.48</td>
<td>6.62</td>
</tr>
</tbody>
</table>
SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following selected financial data as of April 30, 2006 and 2007 and for the years then ended are derived from the audited financial statements of the Issuer. The financial data for the eleven-month periods ended March 31, 2007 and 2008 are derived from unaudited financial statements. The unaudited financial statements include all adjustments, consisting of normal recurring accruals, which the Issuer considers necessary for a fair presentation of the financial position and results of operations for these periods.

Operating results for the eleven months ended March 31, 2008, are not necessarily indicative of the results that may be expected for the entire fiscal year ending April 30, 2008. The data should be read in conjunction with the financial statements, related notes, and other financial information contained in Appendix B to this Official Statement.

<table>
<thead>
<tr>
<th>Summary of Balance Sheets – System (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Cash, cash equivalents and investments</td>
</tr>
<tr>
<td>Patient accounts receivable, net</td>
</tr>
<tr>
<td>Total current assets</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Total current liabilities</td>
</tr>
<tr>
<td>Total long term debt</td>
</tr>
<tr>
<td>Net assets</td>
</tr>
</tbody>
</table>

*As of March 31, 2008, the Issuer had drawn $120,000,000 under the Bank of America Loan Agreement and used the proceeds to redeem its $60,000,000 Series 2004 A and $60,000,000 Series 2004 B bonds. Subsequent to March 31, 2008, the Issuer had drawn $32,625,000 from the Bank of America Loan Agreement and used the proceeds to redeem all of its Series 2003 C bonds.

<table>
<thead>
<tr>
<th>Summary of Statements of Revenue and Expenses and Changes in Net Assets (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total revenue</td>
</tr>
<tr>
<td>Total expenses</td>
</tr>
<tr>
<td>Income (Loss) from operations</td>
</tr>
<tr>
<td>Non-operating gains, net</td>
</tr>
<tr>
<td>Excess of revenues over expenses and net non-operating gains</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
</tr>
<tr>
<td>Non-operating depreciation and amortization</td>
</tr>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>Unrealized losses (gains)</td>
</tr>
<tr>
<td>Net income available for debt service</td>
</tr>
<tr>
<td>Net margin</td>
</tr>
</tbody>
</table>

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MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

Years ended April 30, 2006 and 2007

During fiscal years 2007 and 2006 the Issuer’s financial and operational performance was strong. Key reasons for the strong performance were: increased patient volumes; effective managed care contracting; strong collections; efficient business operations; and the Issuer’s strategies to develop specialized services that attract paying patients from the Issuer’s primary market and beyond. During fiscal year 2007, the Issuer completed an asset purchase agreement to acquire Memorial Regional South, formerly known as Hollywood Medical Center, Inc., from Tenet Healthcare system for a purchase price of $32.0 million adjusted for net working capital settlement. In fiscal year 2007, the Issuer completed an advance refunding of the Series 2002 Hospital Revenue Bonds through the issuance of the Series 2007 Hospital Refunding Revenue Bonds in the amount of $112.7 million. This issuance was in conjunction with a rate lock agreement dated February 8, 2007 to reduce future debt service. In fiscal year 2006, the historically low interest rate environment offered the Issuer an opportunity to refinance its 1996 Revenue Bonds and fund prior capital expenditures through the issuance of approximately $120 million of Hospital Revenue and Refunding Revenue Bonds, Series 2006.

Total revenues and non-operating gains of the Issuer rose from $1.076 billion to $1.223 billion for the fiscal years ended April 30, 2006 and 2007, respectively (an increase of 13.7%). Total expenses rose from $1.009 billion to $1.092 billion for the same periods. The corresponding excess of revenues and net non-operating gains over expenses increased from $67.1 million to $130.4 million for the fiscal years ended April 30, 2006 and 2007, respectively, resulting in a net margin of 6.6% and 11.5% for the fiscal years ended April 30, 2006 and 2007, respectively. The increase in net margin is attributable to:

- A $19.0 million increase in the net margin for Memorial Hospital Miramar;
- An increase in investment income of $22.1 million and
- The non-recurring losses sustained from Hurricane Wilma during the year ended April 30, 2006 of approximately $15.0 million.

Income available for debt service was $140.9 million and $206.4 million for the fiscal years ended April 30, 2006 and 2007, respectively (an increase of 46.5%).

The investment policy of the Issuer is congruent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Other than for certain investments of the pension trust fund, the Issuer does not invest in equity securities. Cash, cash equivalents and investments, excluding assets whose use is limited, rose from $520.9 million to $588.1 million at April 30, 2006 and 2007, respectively. Cash, cash equivalents and investments, including assets whose use is limited, rose from $671.9 million to $732.7 million at April 30, 2006 and 2007, respectively. The decrease in assets whose use is limited is primarily attributed to the use of the Series 2002 Reserve fund as a source of funding for the Series 2007 Hospital Refunding Revenue Bonds. Additions to capital assets were $98.2 million and $130.4 million for the fiscal years ended April 30, 2006 and 2007, respectively.

Admissions were 74,551 and 76,785 for the years ended April 30, 2006 and 2007, respectively (an increase of 3%). Outpatient visits for the same fiscal periods were 636,100 for the year ended April 30, 2006 and 678,852 for the year ended April 30, 2007 (an increase of 6.7%). Much of the growth in admissions is attributable to Memorial Regional Hospital South and Memorial Hospital West and to a lesser extent Memorial Hospital Miramar.

The Issuer aggressively pursues qualification of indigent patients for available Medicaid and other reimbursement programs. The System has also established effective protocols that enable early identification of denials and short pays from managed care organizations. As a result, the denial rates for managed care claims as a percentage of managed care claims was 1.6% in both fiscal year 2006 and 2007, respectively.

Eleven Months Ended March 31, 2007 and 2008

Total revenues and non-operating gains rose from $1.108 billion to $1.199 billion for the eleven months ended March 31, 2007 and 2008, respectively (an increase of 8.2%). Total expenses rose from $996.6 million to $1.115 billion for the same periods. The corresponding excess of revenues and non-operating gains, net over expenses decreased from $111.7 million to $84.2 million for the eleven months ended March 31, 2007 and 2008, resulting in a net margin of 10.8% and 7.6%, respectively for the eleven months ended March 31, 2007 and 2008. Income available for debt service declined from $179.9 million to $147.6 million for the eleven month periods ended March 31, 2007 and 2008.

The decline in operating performance in fiscal year 2008 is due to several factors. The Issuer absorbed $15.9 million in losses at Memorial Regional Hospital South. The Issuer has developed comprehensive volume growth and cost management strategies to
improve its performance. The Issuer continues to believe that the added capacity that this campus provides is essential to enabling volume growth opportunities at Memorial Regional Hospital. The Issuer experienced a decline in cardiovascular surgical cases as it pursued replacements to the former cardiovascular surgery group for purposes of enhancing the program. A full compliment of qualified cardiovascular surgeons were hired in the third quarter of fiscal year 2008. The general economic conditions nationally, within Florida and Broward County have contributed to the decline in operating performance. The winter seasonal resident population appeared to be lower than historical levels which resulted in fewer than expected hospital admissions. Broward County experienced a net decline in population as residents sought a lower cost of living. Finally, the Issuer experienced higher levels of uncompensated care as a result of an increase in the number of uninsured and underinsured patients. In response to the decline in operating performance, the Issuer has developed comprehensive volume/revenue growth and cost management strategies.

Cash and investments, excluding assets whose use is limited, increased from $578.1 million to $602.5 million as of March 31, 2007 and, 2008, respectively. Cash and investments, including assets whose use is limited, increased from $743.8 million to $763.7 million as of March 31, 2007 and, 2008, respectively.

The Issuer is currently engaged in expansion programs at its facilities. The estimated cost to complete all construction programs in process at March 31, 2008 is approximately $120.0 million. The Issuer anticipates financing these programs through a combination of currently available cash, cash equivalents and investments and future cash flows from operations.

Admissions were 70,409 and 73,509 for the eleven months ended March 31, 2007 and, 2008, respectively (an increase of 4.4%). Outpatient visits for the same fiscal periods increased from 621,935 to 654,584 (an increase of 5.2%).

### SOURCE OF PATIENT REVENUES

A substantial amount of the gross charges of the Issuer is derived from third party payors. The table below lists the approximate percentages of gross charges by category for the fiscal years ended April 30.

<table>
<thead>
<tr>
<th>Percentage of Gross Charges Fiscal Years Ended April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Medicare Fee For Service</td>
</tr>
<tr>
<td>Medicaid</td>
</tr>
<tr>
<td>Commercial and Managed Care Programs*</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Includes Medicare Managed Care

The Issuer has entered into contracts with various managed care insurance programs, such as health maintenance organizations and preferred provider organizations. During fiscal year 2007, the managed care program percentages of charges in the table above were derived from over 66 managed care contracts. United HealthCare of Florida, Humana Medical Plan, Inc., Aetna U.S. Healthcare, Inc., Avmed Health Plan, Cigna HealthCare of Florida, Blue Cross/Blue Shield of Florida, and Vista Healthplan are a few of the managed care companies with which the Issuer has contracts. For the year ended April 30, 2007 three plans exceeded 10% of total net revenues, Humana, United Healthcare and Blue Cross at 14.4%, 18.6% and 13.7%, respectively. Most managed care contracts include reimbursement based on a percentage of charges, or per diems with charge based outlier payments and carve out payments for certain services, pharmaceuticals, and medical devices.

### MEDICAL MALPRACTICE INSURANCE

As a political subdivision of the State of Florida, the Issuer enjoys limitations of liability based upon sovereign immunity. This immunity extends to tort claims, including medical malpractice claims. The limitations of liability are $100,000 per claim and $200,000 per occurrence. In order to recover a judgment greater than the statutory limit, a claimant must petition and obtain a special act of the Florida Legislature. The Issuer is self insured for its liability for medical malpractice and has established a fund to provide coverage for any liabilities that it may incur. This fund is reviewed on a periodic basis and data is provided to the Issuer’s contracted actuaries who make necessary adjustments that in their opinion are necessary to provide adequate coverage for it potential liabilities.
EMPLOYEES

As of April 30, 2007, the Issuer employed 8,370 full-time employee equivalents. For the fiscal year ended April 30, 2007 the Issuer employed an average of 4.93 full-time-equivalent employees per adjusted occupied bed. None of the Issuer's employees is represented by a labor organization. There have been attempts to organize unions at other hospitals in the region, but management of the Issuer is not aware of any attempts to organize its employees.

EDUCATIONAL AFFILIATIONS AND TRAINING PROGRAMS

The Issuer maintains a Surgical Residency Affiliation with Mt. Sinai Medical Center, Miami Beach, Florida providing clinical experience for graduate resident physicians. The Issuer maintains affiliations with Nova Southeastern University for 3rd and 4th year medical students, as well as Saba University and St. Eustatius University. The Issuer has an affiliation agreement with Cleveland Clinic for clinical training/experience for Plastic Surgery fellowships as well as neurology residents rotating through neuro-rehabilitation. The Issuer also maintains affiliations with several schools and universities providing teaching, clinical training and experience for students in physician assistants, emergency medical services, laboratory technology, pharmacy, nursing, physical therapy, respiratory therapy, radiology technology, diagnostic medical sonography, social work, medical coding, medical billing, biomedical engineering, and occupational therapy programs. Clinical experience is provided for students from Broward Community College in the following areas: nursing, radiology technology, emergency medical technology, respiratory therapy, bio-medical engineering. Clinical experience is also provided for licensed practical nursing students from Sheridan and McFatter Technical Schools, and medical coding students from Sheridan Technical School, A B and C Career Institute and Concorde Career Institute. The Issuer also provides clinical experience for emergency medical technology students from City College and Emergency Medical Technicians from Emergency Medical Sciences Academy. In addition, the Issuer has affiliation agreements to provide clinical experience for nursing students from Florida International University, Florida Atlantic University, Barry University, University of Miami, State University of New York at Albany and Stoneybrook (ARNP program), University of Central Florida, University of Northern Florida, University of Florida, Florida State University, Nova Southeastern University, and Keiser Career College. Social work students from Barry University and Florida International University, Health Administration students from Florida Atlantic University, Masters of Public Health students and Masters in Human Resource Development from Florida International University and Organizational Psychology students from Carlos Albizu University have practicum experiences at the Issuer’s facilities.

Training and clinical experience is provided to students of physical therapy from Florida International University, Broward Community College, Barry University, Keiser Career College, State University of New York, Boston University, and North Georgia College and University. Affiliations for clinical training purposes in pharmacy exist with the University of Florida, Florida A&M University and Nova Southeastern University College of Pharmacy programs. The Issuer also provides training for administrative residents from accredited colleges and universities as approved by hospital administration. Practicum experience is also provided for graduate nursing students and doctoral students from Barry University and the University of Miami. It is the Issuer’s belief that these educational affiliations have significantly contributed to the recruitment and retention of its professional and technical staffs. The Issuer also maintains affiliations with: Sanford Brown University, surgical technicians; Boston University, occupational therapy, recreational therapy, speech and language pathology; Eastern Michigan University, clinical dieticians; Auburn University, RN/BSN; Institute of Allied Health Medical Professionals, nuclear medicine technology; Darton College, histology; Keiser Career College, occupational therapy, recreational therapy, speech and language pathology, perioperative nursing course, radiology technician; National School of Technology, advanced medical assistant, cardiovascular technician, diagnostic cardiac sonographer, health services administrators, medical assistant, medical coder, patient care technician, pharmacy technician, surgical technician, and ultrasound technician; University of South Florida, communication sciences and disorders; Temple University, health information management; Med Vance Institute of Fort Lauderdale, healthcare professionals and para-professionals, surgical technician; Graceland Institute, RN/BSN; Florida Gulf Coast University, clinical laboratory, community health, human performance and occupational therapy.

Local police and firefighters receive clinical instruction in the Issuer’s emergency departments as an integral part of their emergency medical technician training program.

The Issuer offers regular programs to the community on subjects such as nutrition, weight loss, fitness, aerobics classes, cardiac rehabilitation, cardiac disorders, stress management, smoking cessation, infectious diseases, babysitting, parenting and childbirth education.

The Issuer offers a variety of screening programs to the community, such as hypertension, diabetes, emphysema, cholesterol, height, weight and body composition and vision testing.
ACCREDITATION, LICENSES AND MEMBERSHIPS

The Issuer is licensed by AHCA to operate five general acute care hospitals with 1,792 total licensed beds, and a skilled nursing facility with 120 licensed beds. The Issuer is currently accredited by the Joint Commission on Accreditation of Healthcare Organizations, and is also accredited by the Commission on Accreditation of Rehabilitative Facilities, the American Academy of Blood Banks, and as a Comprehensive Community Cancer Program by the American College of Surgeons.

The Issuer is qualified to participate in the Medicare and Medicaid Programs, the Florida Blue Cross Program, the TRICARE Program, and several programs operated by the State of Florida, including the Children's Medical Services Program, Adult and Pediatric Trauma Program, and AHCA’s Prenatal Program. The Issuer is a member of the American Hospital Association, the Safety Net Hospital Alliance of Florida, the Florida Hospital Association, the National Association of Public Hospitals, and the National Association of Children's Hospitals and Related Institutions, Inc.

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APPENDIX B - AUDITED FINANCIAL STATEMENTS OF
THE ISSUER AS OF AND FOR THE YEARS ENDED
APRIL 30, 2007 AND 2006
FINANCIAL STATEMENTS

South Broward Hospital District d/b/a Memorial Healthcare System
Years Ended April 30, 2007 and 2006
With Report of Independent Certified Public Accountants
South Broward Hospital District
d/b/a Memorial Healthcare System

Financial Statements

Years Ended April 30, 2007 and 2006

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Statements of Activities – Joe DiMaggio Children’s Hospital Foundation, Inc. .............. 19
Statements of Financial Position – Memorial Foundation, Inc. .................................. 20
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Report of Independent Certified Public Accountants

The Board of Commissioners
South Broward Hospital District
d/b/a Memorial Healthcare System

We have audited the accompanying financial statements of the business-type activities, the discretely presented component units, and the pension trust fund of the South Broward Hospital District d/b/a Memorial Healthcare System (the System), as of and for the years ended April 30, 2007 and 2006, which collectively comprise the System’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the System’s management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Joe DiMaggio Children’s Hospital Foundation, Inc. and the Memorial Foundation, Inc. (collectively, the Foundations), discretely presented component units of the System, which represent 100% of the assets and public support and revenues, of the discretely presented component units. Those financial statements as of and for the years ended April 30, 2007 and 2006, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundations as of and for the years ended April 30, 2007 and 2006, were not audited in accordance with Government Auditing Standards. We were not engaged to perform an audit of the System’s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units, and the pension trust fund of the System as of April 30, 2007 and 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States.
In accordance with Government Auditing Standards, we have also issued our report dated July 2, 2007, on our consideration of South Broward Hospital District d/b/a Memorial Healthcare System’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

The management’s discussion and analysis on pages 3 through 12 and the required pension disclosure supplementary information on pages 59 through 61 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Ernst & Young LLP

ERNEST & YOUNG LLP
Miami, Florida
July 2, 2007

S. Davis & Associates, P.A.

S. DAVIS & ASSOCIATES, P.A.
Hollywood, Florida
July 2, 2007
South Broward Hospital District
d/b/a Memorial Healthcare System

Management’s Discussion and Analysis

April 30, 2007

Required Financial Statements

The South Broward Hospital District d/b/a Memorial Healthcare System (the System), operates Memorial Regional Hospital and the Joe DiMaggio Children's Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional South located in Hollywood, Florida, approximately one mile south of Memorial Regional Hospital; Memorial Hospital Pembroke, located in Pembroke Pines, Florida, approximately six miles west of Memorial Regional Hospital; and Memorial Hospital West, located in Pembroke Pines, Florida, approximately ten miles west of Memorial Regional Hospital, and Memorial Hospital Miramar, located in Miramar, Florida, approximately 15 miles west of Memorial Regional Hospital. The System also operates the Urgent Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida, approximately eight miles west of Memorial Regional Hospital. Other components of the Memorial Healthcare System include the Memorial Outpatient Center - Hallandale, located in Hallandale, Florida, approximately five miles east of Memorial Regional Hospital; the Memorial Home Health Services; multiple primary care and school health centers located throughout south Broward County; the Memorial Regional Cancer Institute, located on the campus of Memorial Regional Hospital; Memorial Hospital West Cancer Institute, located on the campus of Memorial Hospital West; and the Memorial Adult Day Care Center, which provides activities, meals, and select health-related services for its elderly participants, located within the Memorial Outpatient Center - Hallandale. At April 30, 2007, the System operates a total of 1,742 licensed hospital beds and 120 licensed nursing home beds.

The Memorial Hospital Pembroke facility is leased from Hospital Reality, LLC. The initial ten-year lease of the facility expired June 30, 2005. The System entered into a second ten-year term beginning July 1, 2005, which was extended to 2025 in May 2007.

The System utilizes three different funds to account for its activities: an enterprise fund, which combines the activities of the operating fund of the System; a fiduciary fund, which reports information about the net assets and changes in net assets of two foundations, which support the operations of the System; and a pension trust fund, which reports information about the net assets and changes in net assets of the System’s employees’ pension plan.

Complete financial statements for the two foundations which comprise the fiduciary fund can be obtained from the Memorial Foundation, Inc. and Joe DiMaggio Children’s Hospital Foundation, Inc. at 3501 Johnson Street Hollywood, Florida 33021.
Required Financial Statements (continued)

The pension trust fund does not issue financial statements.

The financial statements of the System’s enterprise fund report information about the System’s business-type activities using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Balance Sheets include all of the System’s assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the System’s creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. These statements also provide the basis for computing rate of return, evaluating the capital structure of the System, and assessing the liquidity and financial flexibility of the System.

All of the current year’s revenue and expenses are accounted for in the Statements of Revenue and Expenses and Changes in Net Assets. These statements communicate the performance of the System’s operations over the past two years.

The final required statements are the Statements of Cash Flows. The primary purpose of these statements is to provide information about the System’s cash receipts and cash payments during the reporting periods. These statements report cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, investing, noncapital financing, and capital and related financing activities.

Summary of Financial Information

The financial statements consist of two parts: a) management’s discussion and analysis and b) the audited financial statements. The audited financial statements also include notes that explain in more detail some of the information in the financial statements. The financial statements are intended to describe the results of operations, the changes in the net assets, the sources, and uses of cash and cash equivalents and the capital structure of the System. The following selected financial data as of April 30, 2007, 2006, and 2005, and for the three years then ended, for the System’s enterprise fund are derived from the audited financial statements of the System. The data should be read in conjunction with the financial statements, related notes, and other financial information contained herein.
### Summary of Financial Information (continued)

**Years Ended April 30, 2007 and 2006**

#### Condensed Balance Sheets – System (in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>April 30 2007</th>
<th>April 30 2006</th>
<th>Dollar Increase/ (Decrease)</th>
<th>Percentage Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents, and investments</td>
<td>$588,100</td>
<td>$520,856</td>
<td>$67,244</td>
<td>12.9%</td>
</tr>
<tr>
<td>Patient accounts receivable, net</td>
<td>115,706</td>
<td>98,199</td>
<td>17,507</td>
<td>17.8</td>
</tr>
<tr>
<td>Total current assets</td>
<td>744,506</td>
<td>652,698</td>
<td>91,808</td>
<td>14.1</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>628,314</td>
<td>561,434</td>
<td>66,880</td>
<td>11.9</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,532,793</td>
<td>1,379,768</td>
<td>153,025</td>
<td>11.1</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>199,440</td>
<td>165,986</td>
<td>33,454</td>
<td>20.2</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>424,327</td>
<td>439,780</td>
<td>(15,453)</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>551,476</td>
<td>488,696</td>
<td>62,780</td>
<td>12.8</td>
</tr>
<tr>
<td>Net assets invested in capital assets, net of related debt</td>
<td>193,020</td>
<td>114,172</td>
<td>78,848</td>
<td>69.1</td>
</tr>
<tr>
<td>Restricted net assets</td>
<td>52,035</td>
<td>61,380</td>
<td>(9,345)</td>
<td>(15.2)</td>
</tr>
</tbody>
</table>

0703-0814001
South Broward Hospital District  
d/b/a Memorial Healthcare System  
Management’s Discussion and Analysis (continued)

Summary of Financial Information (continued)

Summary of Revenue and Expenses and Changes in Net Assets – System (in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Years Ended April 30</th>
<th>Dollar Increase/ (Decrease)</th>
<th>Percentage Increase/ (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$1,077,562</td>
<td>$966,720</td>
<td>$110,842</td>
</tr>
<tr>
<td>Other revenue</td>
<td>60,234</td>
<td>49,248</td>
<td>10,986</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,137,796</td>
<td>1,015,968</td>
<td>121,828</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>516,575</td>
<td>467,076</td>
<td>49,499</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>96,603</td>
<td>90,816</td>
<td>5,787</td>
</tr>
<tr>
<td>Professional fees</td>
<td>20,534</td>
<td>20,515</td>
<td>19</td>
</tr>
<tr>
<td>Supplies</td>
<td>205,999</td>
<td>188,541</td>
<td>17,458</td>
</tr>
<tr>
<td>Purchased services</td>
<td>67,946</td>
<td>64,051</td>
<td>3,895</td>
</tr>
<tr>
<td>Facilities</td>
<td>54,729</td>
<td>49,271</td>
<td>5,458</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>60,253</td>
<td>51,134</td>
<td>9,119</td>
</tr>
<tr>
<td>Interest</td>
<td>19,678</td>
<td>16,587</td>
<td>3,091</td>
</tr>
<tr>
<td>Other</td>
<td>49,888</td>
<td>60,826</td>
<td>(10,938)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,092,205</td>
<td>1,008,817</td>
<td>83,388</td>
</tr>
<tr>
<td>Income from operations</td>
<td>45,591</td>
<td>7,151</td>
<td>38,440</td>
</tr>
<tr>
<td>Nonoperating gains, net (including depreciation of $3,367 and $3,251 in 2007 and 2006, respectively)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue and net nonoperating gains over expenses</td>
<td>84,836</td>
<td>59,937</td>
<td>24,899</td>
</tr>
<tr>
<td>Net assets at the beginning of the year</td>
<td>664,248</td>
<td>594,785</td>
<td>69,463</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>1,856</td>
<td>2,512</td>
<td>(656)</td>
</tr>
<tr>
<td>Restricted donations, net of designated expenditures</td>
<td>–</td>
<td>(137)</td>
<td>137</td>
</tr>
<tr>
<td>Net assets at the end of the year</td>
<td>$796,531</td>
<td>$664,248</td>
<td>$132,283</td>
</tr>
</tbody>
</table>
Management’s Discussion of Financial Performance

Fiscal years 2007 and 2006 reflect strong operational performance. This created a strong financial position and is the result of many factors including increased patient volumes; effective managed care contracting; strong collections; efficient business operations; and the System’s strategies to develop specialized services that attract paying patients from the System’s primary market and beyond. During fiscal year 2007, the System completed an asset purchase agreement to acquire Memorial Regional South, formerly known as Hollywood Medical Center, Inc., from Tenet HealthSystem Hospitals, Inc. for a purchase price of $32.0 million adjusted for net working capital settlement. In fiscal year 2007, the System completed an advance refunding of the Series 2002 Hospital Revenue Bonds through the issuance of the Series 2007 Hospital Refunding Revenue Bonds in the amount of $112.7 million. This issuance was in conjunction with a rate lock agreement dated February 8, 2007 to reduce future debt service. In fiscal year 2006, the historically low interest rate environment offered the System an opportunity to refinance its 1996 Revenue Bonds and fund prior capital expenditures through the issuance of approximately $120 million of Hospital Revenue and Refunding Revenue Bonds, Series 2006.

Total revenues and nonoperating gains of the System rose from $1.076 billion to $1.223 billion for the fiscal years ended April 30, 2006 and 2007, respectively. Total expenses rose from $1.009 billion to $1.092 billion for the same periods. The corresponding excess of revenues and net nonoperating gains over expenses increased from $67.1 million to $130.4 million for the fiscal years ended April 30, 2006 and 2007, respectively, resulting in a net margin of 6.6% and 11.5% for the fiscal years ended April 30, 2006 and 2007, respectively. The increase in net margin is attributable to (1) a $19.0 million increase in the net margin for Memorial Hospital Miramar; (2) an increase in investment income of $22.1 million and (3) the losses sustained from Hurricane Wilma during the year ended April 30, 2006 of approximately $15.0 million. Income available for debt service was $140.9 million and $206.4 million for the fiscal years ended April 30, 2006 and 2007, respectively.

The investment policy of the System is congruent with Section 218.415 of the Florida Statutes, which is designed to ensure the prudent management of financial assets. Other than for certain investments of the pension trust fund, the System does not invest in equity securities. Cash, cash equivalents and investments, excluding assets whose use is limited, rose from $520.9 million to $588.1 million at April 30, 2006 and 2007, respectively. Cash, cash equivalents and investments, including assets whose use is limited, rose from $671.9 million to $732.7 million at April 30, 2006 and 2007, respectively. The decrease in assets whose use is limited is primarily attributed to the use of the Series 2002 Reserve fund as a source of funding for the Series 2007 Hospital Refunding Revenue Bonds. The System continues to expand and improve its facilities. Additions
Management’s Discussion of Financial Performance (continued)

to capital assets were $98.2 million and $130.4 million for the fiscal years ended April 30, 2006 and 2007, respectively. The System is currently engaged in expansion programs at its facilities. The estimated cost to complete all construction programs in process at April 30, 2007 is $118.4 million. The System anticipates financing these programs through a combination of currently available cash, cash equivalents and investments and future cash flows from operations.

Admissions were 74,551 and 76,785 for the years ended April 30, 2006 and 2007, respectively. Outpatient visits for the same fiscal periods were 636,100 for the year ended April 30, 2006 and 678,852 for the year ended April 30, 2007. Much of the growth in admissions is attributable to Memorial Regional South and Memorial Hospital West.

The System aggressively pursues qualification of indigent patients for available Medicaid and other reimbursement programs. The System has also established effective protocols that enable early identification of denials and short pays from managed care organizations. As a result, the denial rates for managed care claims as a percentage of managed care claims was 1.6% in fiscal year 2006 and 2007, respectively.

Years Ended April 30, 2006 and 2005

Condensed Balance Sheets – System (in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>April 30 2006</th>
<th>April 30 2005</th>
<th>Dollar Increase/(Decrease)</th>
<th>Percentage Increase/(Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, cash equivalents, and investments</td>
<td>$520,856</td>
<td>$418,492</td>
<td>$102,364</td>
<td>24.5%</td>
</tr>
<tr>
<td>Patient accounts receivable, net</td>
<td>98,199</td>
<td>85,378</td>
<td>12,821</td>
<td>15.0%</td>
</tr>
<tr>
<td>Total current assets</td>
<td>652,698</td>
<td>540,395</td>
<td>112,303</td>
<td>20.8%</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>561,434</td>
<td>517,206</td>
<td>44,228</td>
<td>8.6%</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,379,768</td>
<td>1,231,740</td>
<td>148,028</td>
<td>12.0%</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>165,986</td>
<td>155,421</td>
<td>10,565</td>
<td>6.8%</td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>439,780</td>
<td>388,430</td>
<td>51,350</td>
<td>13.2%</td>
</tr>
<tr>
<td>Unrestricted net assets</td>
<td>488,696</td>
<td>407,216</td>
<td>81,480</td>
<td>20.0%</td>
</tr>
<tr>
<td>Net assets invested in capital assets, net of related debt</td>
<td>114,172</td>
<td>129,887</td>
<td>(15,715)</td>
<td>(12.1)%</td>
</tr>
<tr>
<td>Restricted net assets</td>
<td>61,380</td>
<td>57,682</td>
<td>3,698</td>
<td>6.4%</td>
</tr>
</tbody>
</table>
Management’s Discussion of Financial Performance (continued)

Summary of Revenue and Expenses and Changes in Net Assets – System (in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Years Ended April 30</th>
<th>Dollar Increase/Decrease</th>
<th>Percentage Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$966,720</td>
<td>$832,437</td>
<td>$134,283 (16.1%)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>49,248</td>
<td>46,908</td>
<td>2,340 (5.0%)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,015,968</td>
<td>879,345</td>
<td>136,623 (15.5%)</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>467,076</td>
<td>402,385</td>
<td>64,691 (16.1%)</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>90,816</td>
<td>71,703</td>
<td>19,113 (26.7%)</td>
</tr>
<tr>
<td>Professional fees</td>
<td>20,515</td>
<td>18,593</td>
<td>1,922 (10.3%)</td>
</tr>
<tr>
<td>Supplies</td>
<td>188,541</td>
<td>173,336</td>
<td>15,205 (8.8%)</td>
</tr>
<tr>
<td>Purchased services</td>
<td>64,051</td>
<td>55,282</td>
<td>8,769 (15.9%)</td>
</tr>
<tr>
<td>Facilities</td>
<td>49,271</td>
<td>32,458</td>
<td>16,813 (51.8%)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>51,134</td>
<td>39,167</td>
<td>11,967 (30.6%)</td>
</tr>
<tr>
<td>Interest</td>
<td>16,587</td>
<td>5,363</td>
<td>11,224 (209.3%)</td>
</tr>
<tr>
<td>Other</td>
<td>60,826</td>
<td>48,233</td>
<td>12,593 (26.1%)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,008,817</td>
<td>846,520</td>
<td>162,297 (19.2%)</td>
</tr>
<tr>
<td>Income from operations</td>
<td>7,151</td>
<td>32,825</td>
<td>(25,674) (78.2%)</td>
</tr>
<tr>
<td>Nonoperating gains, net (including depreciation of $3,251 and $2,879 in 2006 and 2005, respectively)</td>
<td>59,937</td>
<td>48,554</td>
<td>11,383 (23.4%)</td>
</tr>
<tr>
<td>Excess revenue and net nonoperating gains over expenses</td>
<td>67,088</td>
<td>81,379</td>
<td>(14,291) (17.6%)</td>
</tr>
<tr>
<td>Net assets at the beginning of the year</td>
<td>594,785</td>
<td>510,941</td>
<td>83,844 (16.4%)</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>2,512</td>
<td>2,675</td>
<td>(163) (6.1%)</td>
</tr>
<tr>
<td>Restricted donations, net of designated expenditures</td>
<td>(137)</td>
<td>(210)</td>
<td>73 (34.8%)</td>
</tr>
<tr>
<td>Net assets at the end of the year</td>
<td>$664,248</td>
<td>$594,785</td>
<td>$69,463 (11.7%)</td>
</tr>
</tbody>
</table>
South Broward Hospital District
d/b/a Memorial Healthcare System

Management’s Discussion and Analysis (continued)

Management’s Discussion of Financial Performance (continued)

Fiscal years 2006 and 2005 reflect strong operational performance. This created a strong financial position and is the result of many factors including increased patient volumes; effective managed care contracting; strong collections; efficient business operations; and the System’s strategies to develop specialized services that attract paying patients from the System’s primary market and beyond. In fiscal year 2006, the historically low interest rate environment offered the System an opportunity to refinance its 1996 Revenue Bonds through the issuance of approximately $120 million of Hospital Revenue and Refunding Revenue Bonds, Series 2006. In fiscal year 2005, the System issued a $120 million Hospital Revenue Bonds, Series 2004 to acquire, construct and equip a 100-bed acute care hospital in Miramar, Florida, and refund the Hospital Revenue Certificates, Series 1997, and Series 1999.

Total revenues and nonoperating gains of the System rose from $927.9 million to $1.076 billion for the fiscal years ended April 30, 2005 and 2006, respectively. Total expenses rose from $846.5 million to $1.009 billion for the same periods. The corresponding excess of revenues and net nonoperating gains over expenses decreased from $81.4 million to $67.1 million for the fiscal years ended April 30, 2005 and 2006, respectively, resulting in a net margin of 9.3% and 6.6% for the fiscal years ended April 30, 2005 and 2006, respectively. The decline in net margin is attributable to an $11.2 million increase in interest expense and to losses sustained from Hurricane Wilma during the year ended April 30, 2006 of approximately $15.0 million. Income available for debt service was $136.3 million and $140.9 million for the fiscal years ended April 30, 2005 and 2006, respectively.

The investment policy of the System is congruent with Section 218.415 of the Florida Statues, which is designed to ensure the prudent management of financial assets. Other than for certain investments of the pension trust fund, the System does not invest in equity securities. Cash, cash equivalents and investments, excluding assets whose use is limited, rose from $418.5 million to $520.9 million at April 30, 2005 and 2006, respectively. The increase is due primarily to cash flows from operations and the net proceeds from the issuance of the Series 2006 Hospital Revenue and Refunding Revenue Bonds. Cash, cash equivalents and investments, including assets whose use is limited, rose from $578.0 million to $671.9 million at April 30, 2005 and 2006, respectively. The decrease in assets whose use is limited is primarily attributed to the expending of 2002 Bond proceeds which were restricted for master plan projects. The System continues to expand and improve its facilities. Additions to capital assets were $166.7 million
Management's Discussion of Financial Performance (continued)

and $98.2 million for the fiscal years ended April 30, 2005 and 2006, respectively. The System is currently engaged in expansion programs at its facilities. The estimated cost to complete all construction programs in process at April 30, 2006 is $83.9 million. The System anticipates financing these programs through a combination of currently available cash, cash equivalents and investments and future cash flows from operations.

Admissions were 68,210 and 74,551 for the years ended April 30, 2005 and 2006, respectively. Outpatient visits for the same fiscal periods were 636,354 for the year ended April 30, 2005 and 636,100 for the year ended April 30, 2006. Much of the growth in admissions is attributable to Memorial Hospital Miramar.

The System aggressively pursues qualification of indigent patients for available Medicaid and other reimbursement programs. The System has also established effective protocols that enable early identification of denials and short pays from managed care organizations. As a result, the denial rates for managed care claims as a percentage of managed care claims was 1.5% in fiscal year 2005 and 1.6% in fiscal year 2006, respectively.

Taxes and Uncompensated Care

The Board of Commissioners of the System is authorized to levy a tax annually upon real and personal taxable property located within the boundaries of the System at a millage rate not to exceed 2.5 mills. The taxes collected pursuant to this levy can be used for the purposes and needs of the System such as operations, debt service, and construction. Such ad valorem taxes cannot be pledged directly or indirectly to pay revenue bonds; however, there is no prohibition on the use of such taxes once collected. The System generally applies the proceeds of such taxes to offset the cost of indigent care.

The financial strength of the System minimizes the tax burden in south Broward County. In fiscal years 2007, 2006, and 2005, net tax revenues accounted for approximately 3.6%, 3.8%, and 3.9%, respectively, of total net revenues and nonoperating gains. In September 2006, the System's Board of Commissioners voted to reduce the tax millage rate to 1.3300 mills.
Management’s Discussion of Financial Performance (continued)

The System’s financial strength enables the System to absorb the financial burden of providing an increasing level of uncompensated care. The financial strength also enables the System to develop and support state-of-the-art facilities, recruit talented employees, and increase the “registered nurse-to-patient” ratios.

Source of Patient Charges

A substantial amount of the gross charges of the System are provided to patients insured by third-party payors. The table below lists the approximate percentages of gross charges by category for the fiscal years ended April 30.

<table>
<thead>
<tr>
<th>Percentage of Gross Charges</th>
<th>Years Ended April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td>Medicare</td>
<td>19.3%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>10.1</td>
</tr>
<tr>
<td>Managed care</td>
<td>53.7</td>
</tr>
<tr>
<td>Other</td>
<td>16.9</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Balance Sheets – System  

<table>
<thead>
<tr>
<th>Assets</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$182,954</td>
<td>$76,451</td>
</tr>
<tr>
<td>Investments</td>
<td>405,146</td>
<td>444,405</td>
</tr>
<tr>
<td>Patient accounts receivable, net of estimated uncollectibles of $204,945 and $152,537 at April 30, 2007 and 2006, respectively</td>
<td>115,706</td>
<td>98,199</td>
</tr>
<tr>
<td>Ad valorem taxes receivable</td>
<td>1,492</td>
<td>1,228</td>
</tr>
<tr>
<td>Inventories</td>
<td>19,676</td>
<td>15,626</td>
</tr>
<tr>
<td>Other current assets</td>
<td>19,532</td>
<td>16,789</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>744,506</td>
<td>652,698</td>
</tr>
<tr>
<td>Assets whose use is limited:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By Board for capital improvements</td>
<td>79,483</td>
<td>76,609</td>
</tr>
<tr>
<td>By Board for employee disability</td>
<td>13,883</td>
<td>13,162</td>
</tr>
<tr>
<td>Under indenture agreement</td>
<td>1,686</td>
<td>13,733</td>
</tr>
<tr>
<td>Under self-insurance trust agreements</td>
<td>43,395</td>
<td>41,137</td>
</tr>
<tr>
<td>Externally restricted by donors</td>
<td>6,131</td>
<td>6,445</td>
</tr>
<tr>
<td><strong>Total assets whose use is limited</strong></td>
<td>144,578</td>
<td>151,086</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>628,314</td>
<td>561,434</td>
</tr>
<tr>
<td>Deferred charges, net</td>
<td>13,392</td>
<td>10,769</td>
</tr>
<tr>
<td>Other assets</td>
<td>2,003</td>
<td>3,781</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,532,793</td>
<td>$1,379,768</td>
</tr>
</tbody>
</table>
Liabilities and net assets

Current liabilities:
- Accounts payable and accrued expenses $109,919 $94,422
- Accrued compensation and payroll taxes 72,507 55,156
- Estimated third-party payor settlements 2,074 3,160
- Current installments of long-term debt 4,820 4,712
- Current portion of estimated claims liability 5,336 4,253
- Other current liabilities 4,784 4,283
Total current liabilities 199,440 165,986

Long-term portion of estimated claims liability 58,453 58,561
Other noncurrent liabilities 54,042 51,193
Long-term debt 424,327 439,780
Total liabilities 736,262 715,520

Net assets:
- Invested in capital assets, net of related debt 193,020 114,172
Restricted:
  - For debt service 1,686 13,733
  - By donors 6,954 6,510
    Under self-insurance trust agreements 43,395 41,137
  Unrestricted 551,476 488,696
Total net assets 796,531 664,248
Total liabilities and net assets $1,532,793 $1,379,768

See accompanying notes.
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Statements of Revenue and Expenses and  
Changes in Net Assets – System  

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$1,077,562</td>
<td>$966,720</td>
</tr>
<tr>
<td>Other revenue</td>
<td>60,234</td>
<td>49,248</td>
</tr>
<tr>
<td>Total revenue</td>
<td>1,137,796</td>
<td>1,015,968</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>516,575</td>
<td>467,076</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>96,603</td>
<td>90,816</td>
</tr>
<tr>
<td>Professional fees</td>
<td>20,534</td>
<td>20,515</td>
</tr>
<tr>
<td>Supplies</td>
<td>205,999</td>
<td>188,541</td>
</tr>
<tr>
<td>Purchased services</td>
<td>67,946</td>
<td>64,051</td>
</tr>
<tr>
<td>Facilities</td>
<td>54,729</td>
<td>49,271</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>60,253</td>
<td>51,134</td>
</tr>
<tr>
<td>Interest</td>
<td>19,678</td>
<td>16,587</td>
</tr>
<tr>
<td>Other</td>
<td>49,888</td>
<td>60,826</td>
</tr>
<tr>
<td>Total expenses</td>
<td>1,092,205</td>
<td>1,008,817</td>
</tr>
<tr>
<td>Income from operations</td>
<td>45,591</td>
<td>7,151</td>
</tr>
<tr>
<td>Nonoperating gains, net (including depreciation of $3,367 in 2007 and $3,251 in 2006)</td>
<td>84,836</td>
<td>59,937</td>
</tr>
<tr>
<td>Excess of revenue and net nonoperating gains over expenses</td>
<td>130,427</td>
<td>67,088</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>1,856</td>
<td>2,512</td>
</tr>
<tr>
<td>Restricted donations, net of designated expenditures</td>
<td>–</td>
<td>(137)</td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>132,283</td>
<td>69,463</td>
</tr>
<tr>
<td>Net assets at the beginning of the year</td>
<td>664,248</td>
<td>594,785</td>
</tr>
<tr>
<td>Net assets at the end of the year</td>
<td>$796,531</td>
<td>$664,248</td>
</tr>
</tbody>
</table>

See accompanying notes.
South Broward Hospital District
d/b/a Memorial Healthcare System

Statements of Cash Flows – System

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
</tr>
</tbody>
</table>

**Operating activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from third-party payors and patients</td>
<td>$1,058,969</td>
<td>$955,680</td>
</tr>
<tr>
<td>Payments to vendors</td>
<td>(385,525)</td>
<td>(354,441)</td>
</tr>
<tr>
<td>Other receipts</td>
<td>59,615</td>
<td>55,567</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(560,513)</td>
<td>(517,624)</td>
</tr>
<tr>
<td>Claims and self-insurance payments</td>
<td>(35,235)</td>
<td>(42,293)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>137,311</td>
<td>96,889</td>
</tr>
</tbody>
</table>

**Noncapital financing activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>1,856</td>
<td>2,375</td>
</tr>
<tr>
<td>Ad valorem tax receipts, net</td>
<td>43,193</td>
<td>40,489</td>
</tr>
<tr>
<td>Net cash provided by noncapital financing activities</td>
<td>45,049</td>
<td>42,864</td>
</tr>
</tbody>
</table>

**Capital and related financing activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and construction of capital assets, net</td>
<td>(96,983)</td>
<td>(97,005)</td>
</tr>
<tr>
<td>Acquisition of Hollywood Medical Center, Inc.</td>
<td>(31,654)</td>
<td>–</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>(124,712)</td>
<td>(71,815)</td>
</tr>
<tr>
<td>Payment of bond call premium</td>
<td>–</td>
<td>(1,291)</td>
</tr>
<tr>
<td>Debt issuance cost</td>
<td>(1,470)</td>
<td>(2,258)</td>
</tr>
<tr>
<td>Net proceeds from issuance of long-term debt</td>
<td>108,824</td>
<td>122,616</td>
</tr>
<tr>
<td>Repayment of capital lease obligations</td>
<td>–</td>
<td>(917)</td>
</tr>
<tr>
<td>Interest payments on long-term debt</td>
<td>(20,414)</td>
<td>(17,066)</td>
</tr>
<tr>
<td>Net cash used in capital and related financing activities</td>
<td>(166,409)</td>
<td>(67,736)</td>
</tr>
</tbody>
</table>

**Investing activities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sales, maturities, or repayment of investments</td>
<td>195,055</td>
<td>496,501</td>
</tr>
<tr>
<td>Cost of investments acquired</td>
<td>(141,924)</td>
<td>(522,981)</td>
</tr>
<tr>
<td>Investment income received</td>
<td>37,421</td>
<td>24,775</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>90,552</td>
<td>(1,705)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>106,503</td>
<td>70,312</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>76,451</td>
<td>6,139</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$182,954</td>
<td>$76,451</td>
</tr>
</tbody>
</table>

Continued on next page.
South Broward Hospital District
d/b/a Memorial Healthcare System

Statements of Cash Flows – System (continued)

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Thousands)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reconciliation of excess of revenue and net nonoperating gains over expenses to net cash provided by operating activities

Excess of revenue and net nonoperating gains over expenses $130,427 $67,088

Adjustments to reconcile excess of revenue and net nonoperating gains over expenses to net cash provided by operating activities:

- Depreciation and amortization, including depreciation reported in nonoperating gains 63,620 54,385
- Interest expense 19,678 16,587
- Provision for doubtful accounts 218,960 178,170
- Loss on disposal of capital assets 1,456 810
- Ad valorem tax revenue and unrestricted investment income, net (88,203) (63,188)

Decrease (increase) in:

- Patient accounts receivable (236,468) (190,991)
- Other current assets and inventories (6,831) 3,609
- Other assets 267 (202)
- Deferred charges (1,670) –

Increase (decrease) in:

- Accounts payable and accrued expenses 15,483 9,426
- Accrued compensation and payroll taxes 17,351 2,348
- Estimated third-party payor settlements (1,086) 1,781
- Other current liabilities 19 –
- Other liabilities 2,849 8,212
- Estimated claims liability 1,459 8,854

Net cash provided by operating activities $137,311 $96,889

See accompanying notes.
Joe DiMaggio Children's Hospital Foundation, Inc.

Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 107</td>
<td>$ 185</td>
</tr>
<tr>
<td>Investments, at market value,</td>
<td>17,279</td>
<td>12,678</td>
</tr>
<tr>
<td>cost $15,981 in 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and $11,612 in 2006</td>
<td>17,279</td>
<td>12,678</td>
</tr>
<tr>
<td>Unconditional promises to</td>
<td>5,804</td>
<td>6,500</td>
</tr>
<tr>
<td>give, net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from affiliated</td>
<td>3</td>
<td>36</td>
</tr>
<tr>
<td>organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment, at</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>cost, net of $38 in 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and $35 in 2006</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Other assets</td>
<td>53</td>
<td>22</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 23,280</td>
<td>$ 19,422</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>173</td>
<td>117</td>
</tr>
<tr>
<td>Annuities payable</td>
<td>239</td>
<td>261</td>
</tr>
<tr>
<td>Due to affiliated</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Memorial Healthcare</td>
<td>4,409</td>
<td>3,585</td>
</tr>
<tr>
<td>System</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>4,409</td>
<td>3,585</td>
</tr>
<tr>
<td><strong>Net assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>4,442</td>
<td>3,249</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>12,415</td>
<td>10,622</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>1,602</td>
<td>1,544</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>18,459</td>
<td>15,415</td>
</tr>
<tr>
<td><strong>Total liabilities and net</strong></td>
<td>$ 23,280</td>
<td>$ 19,422</td>
</tr>
<tr>
<td>assets**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
Joe DiMaggio Children’s Hospital Foundation, Inc.

Statements of Activities

For the Years Ended April 30, 2007 and 2006
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th></th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily</td>
<td>Permanently</td>
</tr>
<tr>
<td></td>
<td>Restricted</td>
<td>Restricted</td>
<td>Restricted</td>
</tr>
<tr>
<td>Revenue and other support:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$400 $2,569</td>
<td>$2,969</td>
<td>$275 $6,623</td>
</tr>
<tr>
<td>Special events</td>
<td>453 1,163</td>
<td>1,616</td>
<td>406 1,649</td>
</tr>
<tr>
<td>Other support</td>
<td>250</td>
<td>250</td>
<td>400</td>
</tr>
<tr>
<td>Interest and investment income</td>
<td>505</td>
<td>15 520</td>
<td>307</td>
</tr>
<tr>
<td>Realized and unrealized gain on investment, net</td>
<td>1,192</td>
<td>43 1,235</td>
<td>1,024</td>
</tr>
<tr>
<td>Loss on sale of collection items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>1,939</td>
<td>1,939</td>
<td>2,710</td>
</tr>
<tr>
<td>Total revenue and other support</td>
<td>4,739</td>
<td>1,793 58</td>
<td>6,590</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>1,899</td>
<td></td>
<td>2,269</td>
</tr>
<tr>
<td>Management and general</td>
<td>783</td>
<td></td>
<td>530</td>
</tr>
<tr>
<td>Fund raising</td>
<td>864</td>
<td></td>
<td>864</td>
</tr>
<tr>
<td>Total expenses</td>
<td>3,546</td>
<td></td>
<td>3,516</td>
</tr>
<tr>
<td>Changes in net assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets — beginning of year</td>
<td>3,249</td>
<td>10,622 1,544</td>
<td>15,415</td>
</tr>
<tr>
<td>Net assets — end of year</td>
<td>$4,442</td>
<td>$12,415 $1,602</td>
<td>$18,459</td>
</tr>
<tr>
<td></td>
<td>$3,249 $10,622 $1,544</td>
<td>$15,415</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
Memorial Foundation, Inc.

Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>April 30 2007</th>
<th>April 30 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 71</td>
<td>$ 87</td>
</tr>
<tr>
<td>Investments, at market value, cost $4,589 in 2007 and $4,682 in 2006</td>
<td>5,035</td>
<td>5,028</td>
</tr>
<tr>
<td>Unconditional promises to give, net</td>
<td>720</td>
<td>412</td>
</tr>
<tr>
<td>Due from affiliated organization</td>
<td>–</td>
<td>44</td>
</tr>
<tr>
<td>Plant and equipment, at cost, net of $45 in 2007 and $42 in 2006 accumulated depreciation</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Other assets</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 5,854</td>
<td>$ 5,604</td>
</tr>
</tbody>
</table>

| **Liabilities**      |               |               |
| Accounts payable     | $ 30          | $ 169         |
| Annuities payable    | 2             | 3             |
| Due to affiliated organization | 3          | –             |
| Due to Memorial Healthcare System | 271        | 1,190         |
| **Total liabilities**| 306           | 1,362         |

Net assets:
- Unrestricted: 1,076, 685
- Temporarily restricted: 4,126, 3,221
- Permanently restricted: 346, 336

**Total net assets**: 5,548, 4,242

**Total liabilities and net assets**: $ 5,854, $ 5,604

*See accompanying notes.*
Memorial Foundation, Inc.

Statements of Activities

For the Years Ended April 30, 2007 and 2006
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2007 Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and other support:</td>
<td>$166</td>
<td>$1,227</td>
<td>$10</td>
<td>$1,403</td>
</tr>
<tr>
<td>Contributions</td>
<td>250</td>
<td></td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>Other support</td>
<td>144</td>
<td>13</td>
<td>157</td>
<td></td>
</tr>
<tr>
<td>Interest and investment income</td>
<td>382</td>
<td></td>
<td>382</td>
<td></td>
</tr>
<tr>
<td>Realized and unrealized gain on investment, net</td>
<td>$335</td>
<td>(322)</td>
<td>(13)</td>
<td>$1,557</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>$2,777</td>
<td>905</td>
<td>10</td>
<td>$2,192</td>
</tr>
<tr>
<td>Total revenue and other support</td>
<td>$1,076</td>
<td>$4,126</td>
<td>$346</td>
<td>$5,548</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006 Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>285</td>
<td></td>
<td>285</td>
<td>$1,527</td>
</tr>
<tr>
<td>Management and general</td>
<td>365</td>
<td></td>
<td>365</td>
<td>$1,359</td>
</tr>
<tr>
<td>Fund raising</td>
<td>236</td>
<td></td>
<td>236</td>
<td>$163</td>
</tr>
<tr>
<td>Total expenses</td>
<td>886</td>
<td></td>
<td>886</td>
<td>$2,049</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006 Changes in net assets</th>
<th>2006 Net assets – beginning of year</th>
<th>2006 Net assets – end of year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$391</td>
<td>$685</td>
<td>$1,076</td>
</tr>
<tr>
<td></td>
<td>905</td>
<td>3,221</td>
<td>$4,126</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>336</td>
<td>$346</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,242</td>
<td>$5,548</td>
</tr>
<tr>
<td></td>
<td></td>
<td>223</td>
<td>$685</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,834</td>
<td>$4,126</td>
</tr>
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<td></td>
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<td>336</td>
<td>$346</td>
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<tr>
<td></td>
<td></td>
<td>4,242</td>
<td>$5,548</td>
</tr>
</tbody>
</table>

See accompanying notes.
South Broward Hospital District
d/b/a Memorial Healthcare System

Balance Sheets – Pension Trust Fund

<table>
<thead>
<tr>
<th></th>
<th>April 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets whose use is limited:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Externally restricted under pension plan agreement</td>
<td>$211,129</td>
<td>$181,024</td>
</tr>
<tr>
<td></td>
<td>$211,129</td>
<td>$181,024</td>
</tr>
<tr>
<td><strong>Liabilities and restricted net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted net assets reserved for employees’ pension benefits</td>
<td>$211,129</td>
<td>$181,024</td>
</tr>
<tr>
<td></td>
<td>$211,129</td>
<td>$181,024</td>
</tr>
</tbody>
</table>

*See accompanying notes.*
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Statements of Changes in Plan Net Assets –  
Pension Trust Fund

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>(In Thousands)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets reserved for employees' pension benefits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$181,024</td>
<td>$148,331</td>
</tr>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension contributions</td>
<td>17,095</td>
<td>14,191</td>
</tr>
<tr>
<td>Net realized and unrealized gains on pension trust fund investments</td>
<td>18,554</td>
<td>23,233</td>
</tr>
<tr>
<td></td>
<td>35,649</td>
<td>37,424</td>
</tr>
<tr>
<td>Deductions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension benefit payments</td>
<td>4,577</td>
<td>4,151</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>967</td>
<td>580</td>
</tr>
<tr>
<td></td>
<td>5,544</td>
<td>4,731</td>
</tr>
<tr>
<td>Net increase in net assets reserved for employees' pension benefits</td>
<td>30,105</td>
<td>32,693</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$211,129</td>
<td>$181,024</td>
</tr>
</tbody>
</table>

See accompanying notes.
1. Organization and Summary of Significant Accounting Policies

Organization

The South Broward Hospital District d/b/a Memorial Healthcare System (the System), operates Memorial Regional Hospital and the Joe DiMaggio Children’s Hospital at Memorial Regional Hospital, both located in Hollywood, Florida; Memorial Regional South located in Hollywood, Florida, approximately one mile south of Memorial Regional Hospital; Memorial Hospital Pembroke, located in Pembroke Pines, Florida, approximately six miles west of Memorial Regional Hospital; and Memorial Hospital West, located in Pembroke Pines, Florida, approximately ten miles west of Memorial Regional Hospital, and Memorial Hospital Miramar, located in Miramar, Florida, approximately 15 miles west of Memorial Regional Hospital. The System also operates the Urgent Care Center and Memorial Manor Nursing Home, both located in Pembroke Pines, Florida, approximately eight miles west of Memorial Regional Hospital. Other components of the Memorial Healthcare System include the Memorial Outpatient Center - Hallandale, located in Hallandale, Florida, approximately five miles east of Memorial Regional Hospital; the Memorial Home Health Services; multiple primary care and school health centers located throughout south Broward County; the Memorial Regional Cancer Institute, located on the campus of Memorial Regional Hospital; Memorial Hospital West Cancer Institute, located on the campus of Memorial Hospital West; and the Memorial Adult Day Care Center, which provides activities, meals, and select health-related services for its elderly participants, located within the Memorial Outpatient Center - Hallandale. At April 30, 2007, the System operates a total of 1,742 licensed hospital beds and 120 licensed nursing home beds.

On December 1, 2006, the System acquired certain assets of Memorial Regional South, formerly known as Hollywood Medical Center, Inc., for $32.0 million adjusted for net working capital from an unrelated third party. The transaction was accounted for as a purchase and the operating results of Memorial Regional South have been included in the System’s operations since the date of acquisition. As the fair value of assets acquired exceeded the purchase price, no goodwill was recognized as a result of this transaction.

Basis of Presentation

The accounts of the System are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenue, and expenses, as appropriate.
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

The System is accounted for in an enterprise fund which consists of unrestricted net assets, restricted net assets, and net assets invested in capital assets, net of related debt. The enterprise fund is used to account for the System’s ongoing activities. Significant intercompany accounts and transactions have been eliminated in the combination of these funds.

The Memorial Foundation, Inc. and the Joe DiMaggio Children’s Hospital Foundation, Inc. (the Foundations) are legally separate, tax-exempt component units of the System governed by separate independent boards of directors. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the System in support of its programs. The Foundations’ boards are self-perpetuating and consist of community members. Although the System does not control the timing or amount of receipts from the Foundations, the majority of resources, or income thereon, that the Foundations hold and invest are restricted to the activities of the System by the donors. Because these restricted resources held by the Foundations can only be used by, or for the benefit of, the System, the Foundations are considered component units of the System and are discretely presented in the System’s financial statements.

During the years ended April 30, 2007 and 2006, the Foundations distributed approximately $2,184,000 and $3,796,000, respectively, to the System for both restricted and unrestricted purposes.

The pension trust fund is a fiduciary fund used to account for the assets held in trust by Wachovia Bank for the benefit of the employees of the System who participate in the Retirement Plan for Employees of the South Broward Hospital District (the Plan).

The financial statements of the pension trust fund use the full accrual basis of accounting whereby employer contributions to the Plan are recognized when due, and benefits are recognized when due and payable in accordance with the terms of the Plan.

Proprietary Fund Accounting

The System utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis.
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Charity Care

The System provides care, without charge, to patients who meet certain financial criteria based upon the Federal Income Poverty Guidelines. Because the System does not pursue collection of amounts due from patients who meet the System's criteria for charity care, such amounts are not reported as revenue.

Cash and Cash Equivalents

The System considers all highly liquid investments with a maturity of three months or less when purchased, except those classified as assets whose use is limited or those included in the System's investment program, to be cash equivalents.

Investments

Effective April 1, 2005, the System adopted Governmental Accounting Standards Board (GASB) Statement No. 40 (GASB 40), Deposits and Investment Risk Disclosures, which amended GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Purchase Agreements. The adoption of GASB 40 resulted in changes to the form and content of the notes to the financial statements only, and did not have an impact on the System's financial position or results of operations.

All investments have been recorded at fair value based on quoted market prices in the financial statements.

Inventories

Inventories, consisting primarily of medical, surgical, and other supplies, are stated at the lower of cost (principally determined by the first-in, first-out method) or market.
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Notes to Financial Statements (continued)  

1. Organization and Summary of Significant Accounting Policies (continued)  

Assets Whose Use is Limited  

Assets whose use is limited includes assets set aside by the Board for future capital  
improvements and anticipated future payments under the System's employee disability policy,  
over which the Board retains control and may at its discretion subsequently use for other  
purposes. Assets whose use is limited also includes assets held by trustees under indenture  
agreements, and self-insurance trust arrangements, as well as restricted resources limited by  
donors to a specific period or purpose.  

Capital Assets  

Capital assets, including improvements to existing facilities, are recorded at cost, except for  
donated items, which are recorded at fair value at the date of the contribution. Depreciation is  
calculated using the straight-line method over the estimated useful lives of the assets. Estimated  
useful lives for buildings and improvements range from 20 to 40 years and for equipment range  
from three to ten years. Leasehold improvements are amortized on a straight-line basis over the  
shorter of the term of the respective lease or the life of the related asset. Routine maintenance  
and repairs which do not extend the life of the assets are charged to expense as incurred, and  
major renovations or improvements are capitalized. The System capitalizes all assets with an  
initial cost of $1,000 or greater.  

Costs of Borrowing  

Interest cost incurred on borrowed funds during the period of construction of capital assets is  
capitalized as a component of the cost of acquiring those assets. Deferred financing costs are  
amortized over the period the obligation is outstanding using the effective interest method.  

Income Taxes  

The System is exempt from income tax as it is a political subdivision of the State of Florida.
1. Organization and Summary of Significant Accounting Policies (continued)

Restricted Net Assets

Restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose or whose use has been limited under bond indenture or self-insurance trust fund arrangements.

Gifts of cash and other assets are reported at fair value as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, restricted funds are transferred to unrestricted net assets. In cases in which the restrictions for such expenditures are met in the same period the resources are received, the receipts are recorded in unrestricted net assets. Transfers used for current operations are included in the Statements of Revenue and Expenses and Changes in Net Assets – System as a reduction of the related expense. The System first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Statements of Revenue and Expenses and Changes in Net Assets – System

For purposes of presentation, transactions determined to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Peripheral, incidental or transactions not considered to be central to the provision of health care services are reported as nonoperating gains and losses.

Net Patient Service Revenue

Net patient service revenue is reported at net realizable amounts due from patients, third-party payors, and others for services rendered.

Settlements with certain third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.
1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for Pensions by State and Local Governmental Employers

The System conforms to the requirements of GASB Statement No. 27 (Statement No. 27), Accounting for Pensions by State and Local Governmental Employers. Pursuant to Statement No. 27, certain employers that participate in defined benefit pension plans are required to measure and disclose an amount for annual pension cost on the accrual basis of accounting.

Accounting Standards

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the System has elected not to apply the provisions of pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 unless specifically adopted in a GASB pronouncement.

The Foundations are private nonprofit organizations that report under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations’ financial information in the System’s financial reporting entity for these differences.
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Notes to Financial Statements (continued)

2. Uncompensated Care

The System maintains records to identify and monitor the level of uncompensated care it provides. These records include the amount of charges forgone for services provided under the System’s charity care policy, as well as a provision for uncollectible accounts included in the accompanying Statements of Revenue and Expenses and Changes in Net Assets – System. The following information measures the level of uncompensated care provided during the years ended April 30, 2007 and 2006 (in thousands).

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uncompensated care, based on established rates</td>
<td>$497,501</td>
<td>$416,366</td>
</tr>
<tr>
<td>Percentage of uncompensated care patients to all patients served based upon total charges</td>
<td>13.1%</td>
<td>12.8%</td>
</tr>
</tbody>
</table>

For the years ended April 30, 2007 and 2006, uncompensated care includes $278,541,000 and $238,196,000, respectively, of charges forgone for services provided under the System’s charity care policy.

3. Net Patient Service Revenue

The System has contractual agreements with third-party payors (Medicare, Medicaid, and large commercial insurance payors) that provide for prospective reimbursement at contractually established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare and Medicaid

Most of the System’s Medicare patients are covered under the Medicare Prospective Payment System which establishes predetermined rates for diagnosis–related groups. However, certain patient services are reimbursed under cost based or other formulas. Reimbursement for certain services subject to special reimbursement formulas under the Medicare program is subject to audit and settlement by the Medicare fiscal intermediary. Such audits and final settlements have been completed for all years through 2005 for Memorial Hospital Pembroke and Memorial
3. Net Patient Service Revenue (continued)

Hospital Miramar and through 2004 for Memorial Hospital West. In addition, during the year ended April 30, 2007, Memorial Regional Hospital’s Medicare cost report for 2003 was audited and settled. Medicare program beneficiaries accounted for approximately 19% of the System’s gross charges in 2007 and 2006.

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost-based formula. The System’s Medicaid cost reports have been audited by the Medicaid fiscal intermediary through 2005 for Memorial Hospital Pembroke and Memorial Hospital Miramar, and through 2004 for Memorial Hospital West. In addition, during the year ended April 30, 2007, Memorial Regional Hospital’s Medicaid cost report for 2003 was audited and settled. Medicaid program beneficiaries accounted for approximately 10% and 12% of the System’s gross charges in fiscal year 2007 and 2006, respectively.

As a result of the filing of the cost reports and the settlement of prior cost reports, the System increased reimbursement recorded in prior years by approximately $7,601,000 and $7,918,000 in 2006 and 2007, respectively.

Insurance and Other

The System has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the System under these agreements includes prospectively determined rates per discharge, allowances from established charges and prospectively determined daily rates.

The difference between customary charges and the contractually established rates, for the above programs, is accounted for as a contractual adjustment. The System’s customary charges, charity care write-offs, provision for doubtful accounts and contractual adjustments for the years ended April 30 are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross patient charges</td>
<td>$3,799,430</td>
<td>$3,243,944</td>
</tr>
<tr>
<td>Charity care</td>
<td>(278,541)</td>
<td>(238,196)</td>
</tr>
<tr>
<td>Provision for doubtful accounts</td>
<td>(218,960)</td>
<td>(178,170)</td>
</tr>
<tr>
<td>Contractual adjustments</td>
<td>(2,224,367)</td>
<td>(1,860,858)</td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$1,077,562</td>
<td>$966,720</td>
</tr>
</tbody>
</table>
4. Cash, Cash Equivalents, and Investments – Enterprise Fund

The book value of the System's unrestricted bank accounts is $133,093,000 and $1,883,000 at April 30, 2007 and 2006, respectively. The book value of the System's bank accounts restricted by donors, included in assets whose use is limited, is $6,131,000 and $6,445,000 at April 30, 2007 and 2006, respectively. These bank accounts are insured by a combination of federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions, which comply with the requirements of Florida Statutes and have been designated as qualified public depositories by the State Treasurer.

Investments and Cash Equivalents

At April 30, 2007 and 2006, respectively, the System's investments, including those included in cash and cash equivalents, are as follows (in thousands):

<table>
<thead>
<tr>
<th>Fair Value</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted cash and cash equivalents</td>
<td>$ 49,861</td>
<td>$ 74,568</td>
</tr>
<tr>
<td>Unrestricted investments</td>
<td>405,146</td>
<td>444,405</td>
</tr>
<tr>
<td>Assets whose use is limited:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By Board</td>
<td>93,366</td>
<td>89,771</td>
</tr>
<tr>
<td>By others</td>
<td>45,081</td>
<td>54,870</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>593,454</strong></td>
<td><strong>663,614</strong></td>
</tr>
</tbody>
</table>

Interest Rate Risk

To the extent possible, the System attempts to match investment maturities with known cash needs and anticipated cash flow requirements. The System’s investment policy segments its investment portfolio into pools with identified asset allocation percentages that attempt to match its liquidity requirements. Investments of bond reserves, construction funds, and other indenture-restricted funds have maturities set in accordance with the relevant documents.
4. Cash, Cash Equivalents, and Investments – Enterprise Fund (continued)

At April 30, 2007 and 2006, respectively, the System had the following investments with the respective effective durations. (Fair value in thousands and effective durations in years.)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th></th>
<th>2006</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Effective Duration</td>
<td>Fair Value</td>
<td>Effective Duration</td>
</tr>
<tr>
<td>Cash and SEC registered money</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>market funds</td>
<td>$ 9,252</td>
<td>0.00</td>
<td>$ 49,457</td>
<td>0.00</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>43,477</td>
<td>0.16</td>
<td>77,562</td>
<td>0.29</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>342,350</td>
<td>0.85</td>
<td>330,609</td>
<td>0.69</td>
</tr>
<tr>
<td>U.S. Agency mortgage bonds</td>
<td>21,398</td>
<td>1.10</td>
<td>56,937</td>
<td>0.14</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>49,860</td>
<td>0.00</td>
<td>74,568</td>
<td>0.00</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>106,919</td>
<td>0.28</td>
<td>74,481</td>
<td>0.15</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>20,198</td>
<td>0.08</td>
<td>–</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 593,454</strong></td>
<td></td>
<td><strong>$ 663,614</strong></td>
<td></td>
</tr>
</tbody>
</table>

Credit Risk

The System has adopted an investment policy that authorizes the following instruments for investment by the System: (1) the trust fund known as the Local Government Surplus Funds Trust Fund as created by Florida Statutes; (2) bankers' acceptances; (3) commercial paper of prime quality rated by at least two nationally recognized debt rating agencies in the highest letter and numerical ratings of each agency or secured by a letter of credit provided by a commercial bank that carries a credit rating in one of the two highest ratings; (4) interest bearing time deposits or savings accounts at institutions that are Qualified Public Depositories; (5) negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government; (6) obligations of Federal Agencies and Instrumentalities; (7) interest-bearing notes, bonds, debentures, and other such evidence of indebtedness with a fixed maturity of any domestic listed corporation within the United States that when purchased carry ratings in one of the two highest classifications of at least two nationally recognized debt rating agencies or be secured by a letter of credit provided by a commercial bank that carries a credit rating in one of the two highest ratings; (8) repurchase
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Notes to Financial Statements (continued)

4. Cash, Cash Equivalents, and Investments – Enterprise Fund (continued)

agreements and reverse repurchase agreements may be entered into with a member bank of the Federal Reserve System or a primary dealer in United States Government Securities provided such repurchase agreements and reverse repurchase agreements are fully collateralized by the types of securities disclosed in sections (5) and (6) above; (9) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and (10) municipal bond investments that carry ratings in one of the top two classifications of at least two nationally recognized rating agencies or such debt may be secured by bond insurance or a letter or credit by a commercial bank in one of the top two classifications.

The System’s bond indentures stipulate permitted “Eligible Investments” for related bond funds. To the extent permitted by law, the System must invest bond funds in (1) U.S. Treasury obligations; (2) certain direct or guaranteed obligations of Federal Agencies; (3) certificates of deposit; (4) registered money market funds rated in the two highest rating categories by Standard & Poor’s (S&P) and Moody’s Investors Service (Moody’s); (5) commercial paper rated Prime-1 by Moody’s and A-1 or better by S&P; municipal securities rated in the two highest rating categories by S&P and Moody’s; (6) repurchase agreements; (7) investment agreements, including GICs acceptable to any credit facility provider; and (8) Federal funds and bankers’ acceptances from banks rated Prime-1 or A3 by Moody’s and A-1 or A by S&P.
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Notes to Financial Statements (continued)

4. Cash, Cash Equivalents, and Investments – Enterprise Fund (continued)

At April 30, 2007 and 2006, respectively, the System’s investment securities have the following credit ratings as shown below (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Credit Rating*</td>
</tr>
<tr>
<td>Cash and SEC registered money market funds</td>
<td>$9,252</td>
<td>AAA</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>43,477</td>
<td>TSY</td>
</tr>
<tr>
<td>U.S. Agency discount notes</td>
<td>17,822</td>
<td>A-1+</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>324,528</td>
<td>AAA</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>–</td>
<td>AA-</td>
</tr>
<tr>
<td>U.S. Agency mortgage bonds</td>
<td>21,398</td>
<td>AAA</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>29,918</td>
<td>A-1+</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>19,942</td>
<td>A-1</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>36,034</td>
<td>AAA</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>14,831</td>
<td>AA+</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>36,811</td>
<td>AA</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>13,964</td>
<td>AA-</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>4,791</td>
<td>A+</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>488</td>
<td>A</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>15,065</td>
<td>AAA</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>1,908</td>
<td>AA+</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>925</td>
<td>AA-</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>2,202</td>
<td>AA</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>98</td>
<td>A+</td>
</tr>
</tbody>
</table>

*$Standard & Poor’s ratings

$593,454 $663,614
4. Cash, Cash Equivalents, and Investments – Enterprise Fund (continued)

Concentration of Credit Risk

The System’s investment policy has established asset allocation and issuer limitations on the following investments, which are designated to reduce concentration of credit risk of the System’s investments.

Local Government Surplus Funds Trust Fund. A maximum of 50% of the portfolio.

Bankers’ acceptances. A maximum of 20% of the investment portfolio. Further limitations include original maturity of 210 days or less and no more than 5% in a single issuer.

Commercial paper. Maximum of 30% of the portfolio. Further limitations include maximum maturity of 270 days from date of purchase and no more than 5% in a single issuer.

Interest-bearing time deposits. A maximum of 30% of the portfolio further subject to total the lesser of 15% of the financial institution’s capital or net worth or $20 million and maximum maturity of one (1) year.

Government securities. A maximum of 100% of the portfolio and minimum of 50% will be invested in government securities that include direct obligations of the U.S. Treasury, obligations guaranteed by the U.S. Government, bonds, notes, debentures and callable debt instruments issued or guaranteed by U.S. Agencies. Further limitations include a 25% maximum limitation on adjustable interest rate and collateralized mortgage obligations and a 30-year maximum term.

Corporate debt. A maximum of 30% of the portfolio. Further limitations include no more than 10% in AAA-rated asset backed securities, single industry concentration of 10%, no more than 5% to a single issuer and maximum maturity of ten years. The maximum amount of corporate investments (total of commercial paper and corporate debt) will not exceed 50% of the investment portfolio.

Repurchase/reverse repurchase agreements. Maximum term six months and subject to Public Securities Association (PSA) documentation requirements.

SEC registered money market funds. A maximum of 50% of the portfolio.
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

4. Cash, Cash Equivalents, and Investments – Enterprise Fund (continued)

**Municipal securities.** A maximum of 30% of the portfolio. Further limitations include no more than 5% in any one issuer and a maximum maturity of 10 years.

The System’s bond indentures stipulate permitted “Eligible Investments” for related bond funds. Asset allocation and issuer limitations are not stipulated in the related bond documents.

The following table shows the composition of the System’s investments at April 30, 2007 and 2006, respectively (in thousands):

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fair Value</strong></td>
<td><strong>Percentage</strong></td>
</tr>
<tr>
<td></td>
<td>of Portfolio</td>
</tr>
<tr>
<td>Cash and SEC registered money market funds</td>
<td>$9,252</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>43,477</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>342,350</td>
</tr>
<tr>
<td>U.S. Agency mortgage bonds</td>
<td>21,398</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>49,860</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>106,919</td>
</tr>
<tr>
<td>Municipal securities</td>
<td>20,198</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$593,454</strong></td>
</tr>
</tbody>
</table>

At April 30, 2007, investments in any one issuer representing 5% or more of the System’s total investments are as follows: $124,527,000 (21.0%) invested in issues of the Federal National Mortgage Association; $111,387,000 (18.8%) invested in issues of the Federal Home Loan Mortgage Corporation; and $85,254,000 (14.4%) invested in issues of the Federal Home Loan Bank. The System’s investment policy does not have an issuer limitation for U.S. Treasury securities.
4. Cash, Cash Equivalents, and Investments – Enterprise Fund (continued)

Custodial Credit Risk

Pursuant to Florida Statute 218.415, securities, with the exception of certificates of deposit, are held with a third-party custodian; and all securities purchased by, and all collateral obtained by the System is properly designated as an asset of the System. The securities are held in an account separate and apart from the assets of the financial institution. At April 30, 2007 and 2006, the System’s investment portfolios were held by U.S. Bank (formerly Wachovia Bank Safekeeping), a third-party custodian as required by the System’s investment policy.

The System’s bond indentures stipulate that all bond and trustee held funds be maintained in separate accounts with a bond trustee. U.S. Bank (formerly Wachovia Bank Safekeeping) is the trustee for all the System’s outstanding bonds and revenue certificate indebtedness. All bond and trustee held investments are held in accounts separate and apart from the assets of the financial institution.

Foreign Currency Risk

The System’s investment policy limits foreign currency risk by excluding foreign investment as an investment option.

5. Capital Assets

A summary of the activity in the capital assets and the related accumulated depreciation accounts for the years ended April 30, 2007 and 2006 is as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Balance at May 1, 2006</th>
<th>Additions</th>
<th>Transfers</th>
<th>Deletions</th>
<th>Balance at April 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$13,625</td>
<td>$660</td>
<td>$</td>
<td>$</td>
<td>$14,285</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>599,503</td>
<td>24,447</td>
<td>43,406</td>
<td>(575)</td>
<td>666,781</td>
</tr>
<tr>
<td>Equipment</td>
<td>267,277</td>
<td>28,356</td>
<td>29,282</td>
<td>(21,501)</td>
<td>303,414</td>
</tr>
<tr>
<td>Depreciable assets</td>
<td>880,405</td>
<td>53,463</td>
<td>72,688</td>
<td>(22,076)</td>
<td>984,480</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(399,417)</td>
<td>(62,111)</td>
<td>$</td>
<td>20,859</td>
<td>(440,669)</td>
</tr>
<tr>
<td>Net depreciable assets</td>
<td>480,988</td>
<td>(8,648)</td>
<td>72,688</td>
<td>(1,217)</td>
<td>543,811</td>
</tr>
<tr>
<td>Land</td>
<td>18,424</td>
<td>6,677</td>
<td>$</td>
<td>$</td>
<td>25,101</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>62,022</td>
<td>70,307</td>
<td>(72,688)</td>
<td>(239)</td>
<td>59,402</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$561,434</td>
<td>$68,336</td>
<td>$</td>
<td>(1,456)</td>
<td>$628,314</td>
</tr>
</tbody>
</table>
South Broward Hospital District  
d/b/a Memorial Healthcare System  
Notes to Financial Statements (continued)

5. Capital Assets (continued)

<table>
<thead>
<tr>
<th></th>
<th>Balance at May 1, 2005</th>
<th>Additions</th>
<th>Transfers</th>
<th>Deletions</th>
<th>Balance at April 30, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>$13,570</td>
<td>$55</td>
<td>$</td>
<td>$</td>
<td>$13,625</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>569,476</td>
<td>4,739</td>
<td>31,425</td>
<td>(6,137)</td>
<td>599,503</td>
</tr>
<tr>
<td>Equipment</td>
<td>251,138</td>
<td>16,844</td>
<td>10,597</td>
<td>(11,302)</td>
<td>267,277</td>
</tr>
<tr>
<td>Depreciable assets</td>
<td>834,184</td>
<td>21,638</td>
<td>42,022</td>
<td>(17,439)</td>
<td>880,405</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(362,865)</td>
<td>(53,181)</td>
<td>$</td>
<td>$16,629</td>
<td>(399,417)</td>
</tr>
<tr>
<td>Net depreciable assets</td>
<td>471,319</td>
<td>(31,543)</td>
<td>42,022</td>
<td>(810)</td>
<td>480,988</td>
</tr>
<tr>
<td>Land</td>
<td>14,658</td>
<td>3,766</td>
<td>$</td>
<td>$</td>
<td>18,424</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>31,229</td>
<td>72,815</td>
<td>(42,022)</td>
<td>$</td>
<td>62,022</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$517,206</td>
<td>$45,038</td>
<td>$</td>
<td>(810)</td>
<td>$561,434</td>
</tr>
</tbody>
</table>

The System is currently engaged in expansion programs at its facilities. The estimated cost to complete all construction programs in process at April 30, 2007 is $118,431,000.

6. Self-Insurance

The System is exposed to various risks of loss related to professional liability, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and certain employee health plan costs, and natural disasters. The System believes it is more economical to manage its risks internally and set aside assets for claim settlement. Commercial insurance is carried on property, directors and officers, accidents, and vehicles. The System's commercial property insurance program excludes windstorm coverage.

The System, as a subdivision of the State of Florida, has sovereign immunity in tort actions. Therefore, in accordance with Chapter 768.28 of the Florida Statutes, for claims with occurrence dates subsequent to September 30, 1981, the System is not liable to pay a claim or judgment by any one person which exceeds the sum of $100,000 or any claim or judgments, or portions thereof, which when totaled with all other claims or judgments paid by the State or its agencies or subdivisions arising out of the same incident or occurrence exceeds the sum of $200,000.

Chapter 768.28 also provides that judgments may be claimed or rendered in excess of these limits; however, these amounts must be reported to and approved by the Florida Legislature.
6. Self-Insurance (continued)

The System’s management estimates and accrues for the cost of unreported claims based on historical data and actuarial projections. Accrued claims have been discounted by the System’s actuary based on an interest rate of 5.0% for both 2007 and 2006. The System has established a trust fund for the purpose of setting aside assets to fund future self-insurance losses. The trust assets can only be used for payment of losses and administrative expenses. Earnings on investments in the self-insurance trust are reported as nonoperating gains in the Statements of Revenue and Expenses and Changes in Net Assets – System and are retained as part of the fund. A rollforward of the System’s claims liability for self-insurance claims is as follows (in thousands):

<table>
<thead>
<tr>
<th>Year Ended April 30</th>
<th>Liability at Beginning of Fiscal Year</th>
<th>Current Year Changes in Estimates</th>
<th>Liability at End of Fiscal Year</th>
<th>Amount Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$ 53,521</td>
<td>$ 51,586</td>
<td>$ (42,293)</td>
<td>$ 62,814</td>
</tr>
<tr>
<td>2007</td>
<td>62,814</td>
<td>36,210</td>
<td>(35,235)</td>
<td>63,789</td>
</tr>
</tbody>
</table>

7. Long-Term Debt

The following is a summary of long-term debt as of April 30 (in thousands):

Series 2007 Hospital Refunding Revenue Bonds – $112,744 authorized and issued: Serial Bonds, interest rate of 4.75% maturing amounts ranging from $4,695 to $6,595 through May 1, 2024

<table>
<thead>
<tr>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 16,200</td>
<td>$ –</td>
</tr>
<tr>
<td>34,214</td>
<td>–</td>
</tr>
<tr>
<td>62,330</td>
<td>–</td>
</tr>
</tbody>
</table>

112,744 –

Unamortized loss on defeasance, net

(7,173) –

Unamortized premium, net

3,253 –

108,824 –
South Broward Hospital District  
d/b/a Memorial Healthcare System  

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 2006 Hospital Revenue and Refunding Revenue Bonds – $120,000 authorized and issued: Serial Bonds, interest rates of 4.00% to 5.00% maturing amounts ranging from $930 to $8,735 through May 1, 2023.</td>
<td>$50,150</td>
<td>$50,150</td>
</tr>
<tr>
<td>4.375% Term Bond due May 1, 2025</td>
<td>7,440</td>
<td>7,440</td>
</tr>
<tr>
<td>4.50% Term Bond due May 1, 2030</td>
<td>20,865</td>
<td>20,865</td>
</tr>
<tr>
<td>5.00% Term Bond due May 1, 2035</td>
<td>27,595</td>
<td>27,595</td>
</tr>
<tr>
<td>4.50% Term Bond due May 1, 2037</td>
<td>13,950</td>
<td>13,950</td>
</tr>
<tr>
<td>Unamortized loss on defeasance, net</td>
<td>120,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Unamortized premium, net</td>
<td>(4,869)</td>
<td>(5,246)</td>
</tr>
<tr>
<td></td>
<td>2,525</td>
<td>2,616</td>
</tr>
<tr>
<td></td>
<td>117,656</td>
<td>117,370</td>
</tr>
</tbody>
</table>

Series 2004 A Hospital Revenue Bonds $60,000 and Series 2004 B Hospital Revenue Bonds $60,000 authorized and issued: Term Bonds, maturing in amounts ranging from $600 to $20,500 through May 1, 2037 with auction rate certificates interest rate for Series 2004 A of 3.63% and Series B 3.60% at April 30, 2007

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>120,000</td>
<td>120,000</td>
</tr>
</tbody>
</table>

Series 2003 A Refunding Revenue Bonds – $39,945 and Series 2003 B Revenue Bonds – $5,065 authorized and issued: Serial Bonds, interest rates of 3.00% to 5.25% maturing in amounts ranging from $380 to $4,155, through May 1, 2015

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unamortized premium, net</td>
<td>27,264</td>
<td>30,925</td>
</tr>
<tr>
<td>Unamortized loss on defeasance, net</td>
<td>1,125</td>
<td>1,271</td>
</tr>
<tr>
<td></td>
<td>(562)</td>
<td>(635)</td>
</tr>
<tr>
<td></td>
<td>27,827</td>
<td>31,561</td>
</tr>
</tbody>
</table>

Series 2003 C Refunding Revenue Bonds – $32,625 authorized and issued: Term Bonds, auction rate certificates interest rate of 3.60% at April 30, 2007, maturing in amounts ranging from $2,050 to $3,025, through May 1, 2028.

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unamortized loss on defeasance, net</td>
<td>32,625</td>
<td>32,625</td>
</tr>
<tr>
<td></td>
<td>(445)</td>
<td>(503)</td>
</tr>
<tr>
<td></td>
<td>32,180</td>
<td>32,122</td>
</tr>
</tbody>
</table>
7. Long-Term Debt (continued)

Series 2002 Revenue Bonds – $120,000 authorized and issued
(advance refunded on April 5, 2007):
  Serial Bonds, interest rate at 5.50% maturing amount of
  $4,910 due May 1, 2022.
  5.60% Term Bonds due May 1, 2027
  5.625% Term Bonds due May 1, 2032
  
  Unamortized discount, net

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>4,910</td>
<td></td>
</tr>
<tr>
<td></td>
<td>37,495</td>
<td></td>
</tr>
<tr>
<td></td>
<td>77,595</td>
<td></td>
</tr>
<tr>
<td></td>
<td>120,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>119,727</td>
<td></td>
</tr>
</tbody>
</table>

Series 2001 Revenue Certificate – $10,000 authorized and issued:
Payable in annual installments of $400 commencing May 1, 2002, through and including May 1, 2011, and a balloon payment of $6,400 due on November 1, 2011. Interest is payable semiannually based on the following formula [(one month LIBOR + 0.55%)/ 1.5037]. The LIBOR Rate at April 30, 2007 was 5.32%.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,600</td>
<td>8,000</td>
</tr>
</tbody>
</table>

Series 2000 Revenue Certificate – $10,000 authorized and issued:
Payable in annual installments ranging from approximately
$206 to $400 commencing May 1, 2002, through and including
May 1, 2015, and a balloon payment of approximately $6,300
due on November 1, 2015. The interest rate is fixed at 5.155%.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,660</td>
<td>8,912</td>
</tr>
</tbody>
</table>

Series 1998 Revenue Certificate – $10,000 authorized and issued:
Payable in annual installments of $400 through and including
May 1, 2017, and a balloon payment of $2,400 due May 1,
2018. The interest rate is fixed at 4.374%.

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,400</td>
<td>6,800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>429,147</th>
<th>444,492</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(4,820)</th>
<th>(4,712)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>424,327</td>
<td>439,780</td>
</tr>
</tbody>
</table>

During 2007 and 2006, interest cost of $1,282,000 and $1,375,000, respectively, was capitalized. During 2007 and 2006, interest earned on invested Revenue Certificates and bond proceeds was $408,000 and $821,000, respectively, and is netted against capitalized interest. Net capitalized interest is included in capital assets.
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

The Revenue Bonds are secured by gross revenues and certain pledge funds and have been issued as Parity Debt under the Trust Indenture.

The Series 2002 Revenue Bonds were issued pursuant to the Third Supplemental Indenture to provide funds, together with other available funds to pay the costs of acquisition, construction and equipping of certain improvements to the hospital facilities, including the reimbursement of certain funds advanced by the System.

In addition to providing for the issuance of the Series 2002 Revenue Bonds, the Third Supplemental Indenture also provided for the future amendment and restatement of the Trust Indenture in the form of a Master Trust Indenture to be effective upon obtaining the requisite consent under the Trust Indenture. Upon the issuance of the Series 2002 Revenue Bonds, the Series 2003A Revenue Bonds, the Series 2003B Revenue Bonds and the Series 2003C Revenue Bonds, the System had obtained from the initial purchasers of such bonds the required bondholder consents. The System had previously obtained the required consent of the applicable bond insurer. On September 12, 2003, the System executed and delivered the Master Trust Indenture dated as of September 1, 2003 (Master Indenture). Upon execution and delivery of the Master Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture and the Fifth Supplemental Indenture, respectively, and together with certain amended and unamended portions of the Trust Indenture became what is referred to in the Master Indenture as the Bond Indentures for the respective series of revenue bonds which were issued thereunder. After the execution and delivery of the Master Indenture, the System, pursuant to the Master Indenture issued Obligations to the Trustee under the Trust Indenture, as Bond Trustee for each of the series of revenue bonds issued thereunder and to each of the Revenue Certificate Holders to evidence their security under the Master Indenture. The Master Indenture provides that the System becomes part of an obligated group. Currently, the System is the only member of the obligated group. The Obligations issued under the Master Indenture are payable solely from and are secured by a pledge of and a lien on the Gross Revenues of the obligated group (currently the System) and any future member of the obligated group and certain Accounts created under the Master Indenture, provided, however, the lien and pledge of the Accounts under the Master Indenture does not extend to Obligations issued for the benefit of the Revenue Certificate Holders.
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

The Series 2003A and Series 2003C Refunding Revenue Bonds (described below) were issued to provide funds, to currently refund the Series 1993 Refunding and Revenue Bonds, and the Series 2003B Revenue Bonds were issued, to provide funds, together with other available funds, to pay the costs of acquisition, construction and equipping of certain improvements to the hospital facilities, including the reimbursement of certain funds advanced by the System. The computations performed in accordance with GASB Statement No. 23 for the current refunding of the 1993 Revenue and Refunding Bonds resulted in a loss on defeasance of $1,559,000 and is reported in the accompanying financial statements as a deduction from long-term debt. At April 30, 2007, the unamortized value of the deferred amount is $1,007,000. The deferred amount is being charged to operations through the year 2028 using an effective interest amortization method. The Series 2003A Refunding Revenue Bonds and the Series 2003B Revenue Bonds maturing after May 1, 2013 are callable at par and in such proportion within maturities as may be directed by the System.

The Series 2003C Refunding Revenue Bonds were issued as Auction Rate Certificates (ARC) in a seven-Day Auction Period mode and are not subject to a mandatory put to the System in the event of a failed auction. The System may change the Auction Period to a 35-Day Auction Period or convert the Bonds to another Interest Rate Period as provided in the Indenture.

As long as there is no continuing Event of Default under the terms of the Indenture, the Auction Rate Certificates shall be subject to redemption prior to stated maturity by the System, on any ARC Interest Payment Date, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

The Series 2004 Hospital Revenue Bonds were issued in two series, Series 2004A and Series 2004B, in equal $60 million series. The Series 2004 Bonds were issued to (1) acquire, construct and equip Memorial Hospital Miramar and certain other improvements for the System and its existing hospital facilities, including reimbursement to the System for moneys advanced from its internal funds for a portion of such costs, (2) refund all of the 1997 and 1999 Revenue Certificates and (3) to pay certain costs of issuance. The Series 2004 Bonds were issued as Auction Rate Securities (ARS) in a seven-day Auction Period and are not subject to a mandatory put to the System in the event of a failed auction. At the election of the System, the Series 2004 Bonds may be converted to a Daily, seven-, 28- or 35-day Auction Period, a Short-Term Interest
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

Rate Period or a Long-Term Interest Rate Period as provided in the Indenture. As long as there is no continuing Event of Default under the terms of the Indenture, the Auction Rate Securities shall be subject to redemption prior to stated maturity by the System, on any ARS Interest Payment Date, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

During April 2004, the final maturities of the 1998 and 2000 Revenue Certificates were extended to provide for lower balloon payments. During April 2005, the 2001 Revenue Certificate was extended to provide for lower balloon payments.

The Series 2006 Hospital and Hospital Revenue Refunding Bonds were issued in the amount of $120 million. The Series 2006 Bonds were issued to (1) reimburse the System for prior capital expenditures for the acquisition, construction and equipping of certain facilities and routine equipment purchased by the System; (2) to currently refund all the Series 1996 Revenue Refunding Bonds; and (3) to pay certain costs of issuance. The Series 2006 Bonds were issued as fixed rate bonds and are callable after May 2, 2016 at par, without premium.

The System completed the current refunding of its Series 1996 Hospital Refunding Revenue Bonds as a part of the Series 2006 Hospital Refunding Revenue Bonds to reduce its total debt service payments and to extend the maturity of the debt. On a matched-maturity basis, the cash flow savings not including the funds held in related bond debt service accounts was approximately $7,056,000. The economic gain (the difference between the present values of the old and new debt service payments taken together with the return of certain bond fund monies) of the current refunding on a matched-maturity basis was approximately $2,652,000.

The computations performed in accordance with GASB Statement No. 23 for the current refunding of the Series 1996 Revenue Refunding Bonds resulted in a loss on defeasance of approximately $5,246,000 and is reported in the accompanying financial statements as a deduction from long-term debt. At April 30, 2007, the unamortized value of the deferred amount is approximately $4,869,000. The deferred amount is being charged to operations through the year 2021 using an effective interest amortization method.
7. Long-Term Debt (continued)

The Series 2007 Hospital Refunding Revenue Bonds were issued in the amount of $112.7 million. The Series 2007 Bonds were issued to (1) advance refund all the outstanding Series 2002 Revenue Bonds; (2) to pay an Issuer settlement amount to the provider of a rate lock agreement dated February 8, 2007; and (3) to pay certain costs of issuance. The Series 2007 bonds were issued as fixed rate bonds and are callable after May 1, 2017 at par, without premium.

The System completed the advance refunding of its Series 2002 Revenue Bonds in conjunction with a rate lock agreement dated February 8, 2007 to reduce future debt service. On a matched-maturity basis, the cash flow savings not including the funds held in related bond debt service accounts was approximately $8,113,000. The advance refunding reduced the annual gross debt service of the System by approximately an average of $1,520,000 over the life of the Series 2007 bonds. The net proceeds of the Series 2007 Bonds of approximately $113.1 million plus other available funds of approximately $15.8 million were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2002 Revenue Bonds through May 1, 2012 at which time the remaining Series 2002 Revenue Bonds will be called for redemption at a redemption price of 101% of the principal amount. As a result, the $120 million in remaining Series 2002 Revenue Bonds are considered defeased and the liability for those bonds has been removed from the April 30, 2007 Balance Sheet – System.

The computations performed in accordance with GASB Statement No. 23 for the advance refunding of the Series 2002 Hospital Revenue Bonds resulted in a loss on defeasance of approximately $7,197,000 and is reported in the accompanying financial statements as a deduction from long-term debt. At April 30, 2007, the unamortized value of the deferred amount is approximately $7,173,000. The deferred amount is being charged to operations through the year 2032 using an effective interest amortization method.

The fair value of the System’s long-term debt, based primarily on quoted market prices, was $439,920,000 and $453,630,000 at April 30, 2007 and 2006, respectively.
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

Maturities of long-term debt for the next five years and thereafter are (in thousands):

<table>
<thead>
<tr>
<th>Years ending April 30:</th>
<th>Principal Payments</th>
<th>Estimated Interest Payments</th>
<th>Estimated Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 4,820</td>
<td>$ 18,941</td>
<td>$ 23,761</td>
</tr>
<tr>
<td>2009</td>
<td>4,959</td>
<td>18,757</td>
<td>23,716</td>
</tr>
<tr>
<td>2010</td>
<td>5,093</td>
<td>18,550</td>
<td>23,643</td>
</tr>
<tr>
<td>2011</td>
<td>5,312</td>
<td>18,308</td>
<td>23,620</td>
</tr>
<tr>
<td>2012</td>
<td>5,600</td>
<td>18,055</td>
<td>23,655</td>
</tr>
<tr>
<td>2013-2017</td>
<td>41,685</td>
<td>86,162</td>
<td>127,847</td>
</tr>
<tr>
<td>2018-2022</td>
<td>63,800</td>
<td>74,148</td>
<td>137,948</td>
</tr>
<tr>
<td>2023-2027</td>
<td>77,885</td>
<td>58,887</td>
<td>136,772</td>
</tr>
<tr>
<td>2028-2032</td>
<td>97,105</td>
<td>39,767</td>
<td>136,872</td>
</tr>
<tr>
<td>2033-2037</td>
<td>129,036</td>
<td>15,573</td>
<td>144,609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 435,295</strong></td>
<td><strong>$ 367,148</strong></td>
<td><strong>$ 802,443</strong></td>
</tr>
</tbody>
</table>

For purposes of determining estimated future interest payments for the System’s variable interest rate debt, estimated future interest payments were calculated using the rates in effect at April 30, 2007.

Activity related to long-term debt is summarized as follows (in thousands):

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
</tr>
<tr>
<td>Issuance of long-term debt, net of premium or discount</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
</tr>
<tr>
<td>Payment of Series 1996 bond call premium</td>
</tr>
<tr>
<td>Transfer of unamortized Series 1996 deferred financing costs to Series 2006 loss on defeasance</td>
</tr>
<tr>
<td>Amortization of premiums, discounts, and loss on defeasance, net</td>
</tr>
<tr>
<td>Balance at end of year</td>
</tr>
</tbody>
</table>

0703-0814901

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8. Pension Plan

The System administers a single employer, noncontributory defined benefit pension plan covering substantially all full-time regular employees. The Plan does not issue a stand-alone financial report.

Employees are eligible for the Plan after completing one year of service and the attainment of age 21. Benefits are 100% vested after five years of service. Normal retirement age under the Plan is the earlier of age 65 with five years of service, age 62 with 20 years of service, or age 55 with 30 years of service. The annual retirement benefit amount is based upon years of service and the participants’ average earnings during the highest consecutive five-year period in the ten years preceding retirement or termination. The Board has the authority to establish and amend the benefit provisions of the Plan. Contributions by the System are actuarially determined amounts, which, together with investment earnings, are sufficient to fund the Plan. The actuarial assumptions used to determine the System’s contributions to the Plan are subject to review by the State of Florida Division of Retirement and the System is required under Part VII of Chapter 112 of the Florida Statutes to fund the Plan in accordance with these actuarial assumptions. There are no employee contributions. Beginning with the Plan year ended April 30, 1996, liabilities and contributions are computed to take into account a complex funding arrangement in accordance with an agreement between the System and the State of Florida. The agreement includes contributions for employees not yet participating in the Plan under a phase-in approach. Data shown in this disclosure is for actual Plan participants except for the contribution amount, which includes the appropriate phase-in amount under the agreement.

Listed below is information regarding payroll and participant data used in the calculation of current year actuarial information:

<table>
<thead>
<tr>
<th>Participant data as of May 1, 2006:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Active</td>
<td>5,788</td>
</tr>
<tr>
<td>Retired</td>
<td>808</td>
</tr>
<tr>
<td>Terminated vested</td>
<td>1,565</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,161</strong></td>
</tr>
</tbody>
</table>
8. Pension Plan (continued)

The Plan funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method with proration based on service. The actuary uses the level percentage of payroll method to amortize the unfunded liability over a weighted average of 17 years for changes in benefits or actuarial assumptions and five-year smoothing for actuarial gains and losses. The significant actuarial assumptions used to compute the annual required contribution include an 8% rate of return on investments and an age related scale (from 7.25% below age 35 to 5.25% for age 55 and older). The rate of return on investments and the projected salary increase rate include projected inflation of 4%.

The annual required contributions to the Plan for 2006/2007 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of May 1, 2006. The System’s annual pension cost for the years ended April 30, 2007, 2006, and 2005 was approximately $17,095,000, $14,191,000 and $13,995,000, respectively. The System’s contributions to the Plan during the years ended April 30, 2007, 2006, and 2005 were equal to or in excess of 100% of annual pension cost for all three years. As of April 30, 2007, 2006, and 2005, the System’s net pension obligation was zero.
8. Pension Plan (continued)

At April 30, 2007 and 2006, the Plan had the following investments with the respective effective durations. (Fair value in thousands and effective durations in years.)

<table>
<thead>
<tr>
<th>Investments</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Effective Duration</td>
</tr>
<tr>
<td>Domestic Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>$ 94,156</td>
<td>N/A</td>
</tr>
<tr>
<td>U.S. Government and agency obligations</td>
<td>28,389</td>
<td>4.01</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>33,519</td>
<td>3.80</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>261</td>
<td>8.09</td>
</tr>
<tr>
<td>SEC Registered Money Market Funds</td>
<td>5,236</td>
<td>0.00</td>
</tr>
<tr>
<td>International Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JP Morgan EAFE Plus Fund</td>
<td>48,965</td>
<td>N/A</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>603</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>$ 211,129</td>
<td></td>
</tr>
</tbody>
</table>

Credit Risk

The Plan has adopted an investment policy that authorizes the following instruments for investment: (1) Domestic Large Cap Equity: U.S. large capitalization securities are defined as securities of companies which have greater than $4.0 billion in market capitalization. The following list of investments may be purchased in the large capitalization domestic equity portfolio: common and preferred stock; securities convertible into common stock, including offerings under Securities Act Rule 144, limited to 10% of the portfolio at market value; warrants; American Depositary Receipts (ADRs) listed on a major U.S. exchange, limited to 5% of the portfolio at market value; no-load mutual funds; bank, trust, or insurance company pooled funds; and cash or cash equivalents. (2) Domestic Small Cap Equity: U.S. small capitalization securities are defined as securities of companies which have less than $4.0 billion in market...
8. Pension Plan (continued)

capitalization. The following list of investments may be purchased in the small capitalization domestic equity portfolio: common and preferred stock; securities convertible into common stock, including offerings under Securities Act Rule 144, limited to 10% of the portfolio at market value; warrants; ADRs listed on a major U.S. exchange, limited to 5% of the portfolio at market value; no-load mutual funds, bank, trust, or insurance company pooled funds; and cash or cash equivalents. (3) **International Equity:** The following list of investments may be purchased in an international equity portfolio: common and preferred stock; securities convertible into common stock, including offerings under Securities Act Rule 144, limited to 10% of the portfolio at market value; warrants; ADRs listed on a major U.S. exchange; forward contracts for foreign currency to be used in defensive hedging only (any speculative or opportunistic country exposure to currencies is strictly prohibited); World Equity Benchmarks (WEBs); U.S. companies with significant exposure to international markets (i.e., over 50% of their sales overseas), limited to 5% of the portfolio at market value; no-load mutual funds; bank, trust, or insurance company pooled funds; and cash or cash equivalents, limited to 10% of the portfolio at market value. (4) **Fixed Income:** The following list of investments may be purchased in the core fixed-income portfolio: U.S. Treasury obligations, Treasury Inflation Protected Bonds, Government Agencies and Government Sponsored Agency debentures and mortgage pass-throughs; mortgage–backed To-Be-Announced (TBAs) notes; collateralized mortgage obligations are limited to 25% of the portfolio; non-agency issued mortgages originated in Florida – Statute 215.47(2)(b)(c)(d); commercial mortgage-backed securities; corporate bonds and other corporate obligations including equipment trust certificates; asset-backed securities; indexed notes, floaters and other variable rate obligations; pooled accounts or other collective investment funds; certificates of deposit, bankers’ acceptances and commercial paper rated at least A-1 by S&P or P-1 by Moody’s; mutual funds; municipal bonds; complex tranches of collateralized mortgage obligations, asset-backed securities and commercial mortgage–backed securities (including interest only, principal only, super floaters, inverse floaters and support bonds), limited to 10% of the portfolio at market value. Investments not listed above may be purchased only if the investment manager receives written approval from the System’s Finance Committee.
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Financial Statements (continued)

8. Pension Plan (continued)

At April 30, 2007 and 2006, the Plan’s investment securities have the following credit ratings as shown below (in thousands):

<table>
<thead>
<tr>
<th>Investments</th>
<th>2007 Fair Value</th>
<th>2007 Credit Rating*</th>
<th>2006 Fair Value</th>
<th>2006 Credit Rating*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>$94,156</td>
<td>Not Rated</td>
<td>$81,588</td>
<td>Not Rated</td>
</tr>
<tr>
<td>U.S. Treasuries</td>
<td>15,115</td>
<td>TSY</td>
<td>14,748</td>
<td>TSY</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>10,702</td>
<td>AAA</td>
<td>12,640</td>
<td>0</td>
</tr>
<tr>
<td>U.S. Agencies</td>
<td>73</td>
<td>AA-</td>
<td>65</td>
<td>0</td>
</tr>
<tr>
<td>U.S. Agency Mortgage Bonds</td>
<td>2,499</td>
<td>AAA</td>
<td>2,738</td>
<td>0</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>20,807</td>
<td>AAA</td>
<td>13,323</td>
<td>0</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>–</td>
<td>AA+</td>
<td>183</td>
<td>AA+</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>–</td>
<td>AA</td>
<td>284</td>
<td>AA</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>315</td>
<td>AA-</td>
<td>60</td>
<td>AA-</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>493</td>
<td>A+</td>
<td>855</td>
<td>A+</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>2,091</td>
<td>A</td>
<td>1,391</td>
<td>A</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>955</td>
<td>A-</td>
<td>1,041</td>
<td>A-</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>2,328</td>
<td>BBB+</td>
<td>2,170</td>
<td>BBB+</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>4,592</td>
<td>BBB</td>
<td>3,348</td>
<td>BBB</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>1,938</td>
<td>BBB-</td>
<td>3,395</td>
<td>BBB-</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>–</td>
<td>BB+</td>
<td>116</td>
<td>BB+</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>128</td>
<td>AAA</td>
<td>127</td>
<td>AAA</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>81</td>
<td>AA</td>
<td>77</td>
<td>AA</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>52</td>
<td>A+</td>
<td>–</td>
<td>A+</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>–</td>
<td>A</td>
<td>51</td>
<td>A</td>
</tr>
<tr>
<td>SEC Registered Money Market Funds</td>
<td>5,236</td>
<td>AAA</td>
<td>1,665</td>
<td>AAA</td>
</tr>
<tr>
<td>International Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JP Morgan EAFE Plus Fund</td>
<td>48,965</td>
<td>Not Rated</td>
<td>40,157</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>603</td>
<td></td>
<td>1,002</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$211,129</td>
<td></td>
<td>$181,024</td>
<td></td>
</tr>
</tbody>
</table>

*Standard & Poor’s ratings
8. Pension Plan (continued)

Concentration of Credit Risk

The Plan’s investment policy has established asset allocation and issuer limitations on the following investments, which are designated to reduce concentration of credit risk of the Plan’s investments.

Domestic equity investments in any individual company should not exceed 10% at cost and no more than 10% of a portfolio’s market value. No more than 45% of the portfolio’s market value may be invested in any one sector, as defined by S&P. Investments in any individual company on a “Total Plan” basis shall not exceed 3%. Holdings of any single issue in a portfolio should not exceed 5% of the market value of the total outstanding common stock of any one company. The permissible range of investment in U.S. large capitalization securities will typically be in companies with greater than $4.0 billion in market capitalization. Within the small capitalization mandate, the permissible range of investment will typically be in companies with less than $4.0 billion in market capitalization.

International equity investments in any individual company should not exceed 5% at cost and no more than 8% of a portfolio’s market value. No more than 45% of the portfolio’s market value may be invested in any one sector, as defined by S&P. Holdings of any single issue in a portfolio should not exceed 5% of the market value of the total outstanding common stock of any one company. Within the small capitalization mandates, this guideline may be waived with prior notification and Finance Committee approval. The permissible capitalization range of investments in international securities will be established upon discussion with the Plan and the investment manager.

No more than 10% of the bond portfolio at market value shall be invested in the securities of any one issuer, with the exception of the U.S. Government. No more than 3% of the portfolio may be invested in one bond, with the exception being securities issued or guaranteed by the U.S. Government. No more than 50% exposure to non-government guaranteed agency obligations at market value. Fixed–income securities should be rated BBB- (or its equivalent) or higher at time of purchase by a nationally recognized statistical rating agency. The minimum dollar-weighted average quality rating of the portfolio is “A.” Asset backed securities, mortgage-backed securities, and collateralized mortgage obligations should be rated “AAA” (or its equivalent) at
South Broward Hospital District
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Notes to Financial Statements (continued)

8. Pension Plan (continued)

the time of purchase by a nationally recognized statistical rating agency. For split ratings, the higher rating will be used to determine compliance with these guidelines. If issues are downgraded to non-investment grade, the investment manager will determine the appropriate action based on the perceived risk and expected return of the position and will inform System Management and the investment consultant in writing of the action taken. The duration of the portfolio must be within +/- 10% of the indicated index. The maximum effective maturity of any single security should not exceed 40 years.

The following table shows the composition of the Plan’s investments at April 30, 2007 and 2006 (in thousands):

<table>
<thead>
<tr>
<th>Investments</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Percentage of Portfolio</td>
</tr>
<tr>
<td>Domestic Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>$94,156</td>
<td>45%</td>
</tr>
<tr>
<td>U.S. Government and agency obligations</td>
<td>28,389</td>
<td>13</td>
</tr>
<tr>
<td>Corporate debt</td>
<td>33,519</td>
<td>16</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>261</td>
<td>-</td>
</tr>
<tr>
<td>SEC Registered Money Market Funds</td>
<td>5,236</td>
<td>2</td>
</tr>
<tr>
<td>International Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JP Morgan EAFE Plus Fund</td>
<td>48,965</td>
<td>23</td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>603</td>
<td>-</td>
</tr>
</tbody>
</table>

At April 30, 2007, investments representing 5% or more of the Plan’s total investments are as follows (in thousands):

<table>
<thead>
<tr>
<th>Investments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays Global Investors Alpha Tilts Fund</td>
<td>$66,595</td>
</tr>
<tr>
<td>JPMorgan EAFE plus Fund</td>
<td>48,965</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$115,560</strong></td>
</tr>
</tbody>
</table>
8. Pension Plan (continued)

Custodial Credit Risk

GASB 40 requires disclosure of deposits and investments exposed to custodial credit risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Plan would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of April 30, 2007, the Plan’s investment portfolio was held by a single third-party custodian.

Foreign Currency Risk

GASB 40 requires disclosure of deposits or investments exposed to foreign currency risk which is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The JPMorgan EAFE Plus Fund is comprised of primarily equity securities in Europe, Australia, and Asia Far East (EAFE) countries. The fund’s objective is to maintain neutral currency exposure in each currency’s weighting in the Morgan Stanley Capital International (MSCI) EAFE Index. The fund is priced daily in U.S. dollars.

9. Regulatory Matters

In May 1984, the Florida legislature enacted the Health Care Consumer Protection and Awareness Act (the Act). The Act empowered the State Health Care Board (HCB) to levy assessments on all hospitals in the state. In 1992, the Florida legislature transferred the authority to levy assessments to the Agency for Health Care Administration (AHCA). The amount of the assessment is 1.5% of adjusted inpatient operating revenue and 1.0% of adjusted outpatient operating revenue.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The System is not aware of any pending or threatened investigations involving allegations of potential wrongdoing at this time. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.
10. Other Noncurrent Liabilities

Other noncurrent liabilities primarily consist of accrued disability expenses, AHCA and other assessments, and early retirement benefits.

Activity related to other noncurrent liabilities is summarized as follows (in thousands):

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$ 51,193</td>
<td>$ 43,295</td>
</tr>
<tr>
<td>Disability expense</td>
<td>3,152</td>
<td>3,260</td>
</tr>
<tr>
<td>AHCA assessments</td>
<td>13,935</td>
<td>12,211</td>
</tr>
<tr>
<td>Amortization of early retirement benefits</td>
<td>(371)</td>
<td>(371)</td>
</tr>
<tr>
<td>Payments</td>
<td>(13,867)</td>
<td>(7,202)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 54,042</td>
<td>$ 51,193</td>
</tr>
</tbody>
</table>

Amount due within one year

$ 13,693

$ 6,960

11. Leases

Effective July 1, 1995, the System entered into a lease (the Lease) of Pembroke Pines Hospital from HCA, Inc. and affiliates. During 2006, HCA, Inc. sold the facility to Hospital Realty, LLC. The System operates the facility under the name of Memorial Hospital Pembroke. The Lease is for a period of ten years with two successive optional ten-year terms. Either party may elect not to renew the Lease at the end of the first and second ten-year term. During fiscal year 2005, the System exercised its option to renew the Lease for the first of the two successive optional ten-year terms. In May 2007, the System and Hospital Realty, LLC renegotiated the lease and extended the lease term through June 30, 2025.

The Lease, as renegotiated, calls for base rent of $4,300,000 annually through June 30, 2008. Thereafter, the base rent will increase by the prior year’s base rent multiplied by 101.5%.
11. Leases (continued)

The System has noncancelable operating lease commitments including the Memorial Hospital Pembroke lease for office space, medical equipment, data processing equipment, and system support services, the expense for which was $18,327,000 and $18,068,000 for the years ended April 30, 2007 and 2006, respectively. At April 30, 2007, future minimum lease payments by year under the noncancelable operating leases are as follows (in thousands):

<table>
<thead>
<tr>
<th>Years ending April 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$ 17,482</td>
</tr>
<tr>
<td>2009</td>
<td>14,143</td>
</tr>
<tr>
<td>2010</td>
<td>13,245</td>
</tr>
<tr>
<td>2011</td>
<td>8,465</td>
</tr>
<tr>
<td>2012</td>
<td>7,015</td>
</tr>
<tr>
<td>2013-2017</td>
<td>28,166</td>
</tr>
<tr>
<td>2018-2022</td>
<td>26,033</td>
</tr>
<tr>
<td>2023-2025</td>
<td>15,914</td>
</tr>
</tbody>
</table>

The above future minimum lease payments include the effect of the renegotiation of the Memorial Hospital Pembroke lease during May 2007.

12. Nonoperating Gains, Net

Nonoperating gains and losses consist of activities, which are peripheral, incidental or not considered to be central to the provision of health care services as follows (in thousands):

<table>
<thead>
<tr>
<th>Years Ended April 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$ 43,457</td>
</tr>
<tr>
<td>2006</td>
<td>$ 40,848</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad-valorem tax revenue, net</td>
<td>$ 43,457</td>
</tr>
<tr>
<td>Investment income and other, net</td>
<td>$ 41,379</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 84,836</strong></td>
</tr>
</tbody>
</table>

Ad-valorem tax revenue is unrestricted as to use and is recorded on an accrual basis in the year that taxes are levied.
13. Net Assets

A summary of the activity in the net asset accounts for the years ended April 30, 2007 and 2006 is as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Invested in Capital Assets, Net of Related Debt</th>
<th>Restricted for Debt Service</th>
<th>Restricted by Donors</th>
<th>Restricted Under Self-Insurance Trust Agreements</th>
<th>Unrestricted</th>
<th>Total Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at May 1, 2006</td>
<td>$114,172</td>
<td>$13,733</td>
<td>$6,510</td>
<td>$41,137</td>
<td>$488,696</td>
<td>$664,248</td>
</tr>
<tr>
<td>Excess of revenue and net operating gains over expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net increase in capital assets, net issuance of long-term debt</td>
<td>66,880</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>130,427</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>(112,744)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net transfers to and from unrestricted</td>
<td>124,712</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>78,848</td>
<td>(12,047)</td>
<td>-</td>
<td>2,258</td>
<td>(69,059)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at April 30, 2007</td>
<td>$193,020</td>
<td>$1,686</td>
<td>$6,954</td>
<td>$43,395</td>
<td>$551,476</td>
<td>$796,531</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Invested in Capital Assets, Net of Related Debt</th>
<th>Restricted for Debt Service</th>
<th>Restricted by Donors</th>
<th>Restricted Under Self-Insurance Trust Agreements</th>
<th>Unrestricted</th>
<th>Total Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at May 1, 2005</td>
<td>$129,887</td>
<td>$13,232</td>
<td>$4,302</td>
<td>$40,148</td>
<td>$407,216</td>
<td>$594,785</td>
</tr>
<tr>
<td>Excess of revenue and net operating gains over expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67,088</td>
</tr>
<tr>
<td>Net decrease in project fund</td>
<td>(12,675)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67,088</td>
</tr>
<tr>
<td>Net increase in capital assets, net issuance of long-term debt</td>
<td>44,228</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Principal payments on long-term debt</td>
<td>(120,000)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of capital lease obligations</td>
<td>71,815</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net transfers to and from unrestricted</td>
<td>917</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>(15,715)</td>
<td>501</td>
<td>989</td>
<td>14,225</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted donations, net of designated expenditures</td>
<td>-</td>
<td>(137)</td>
<td>-</td>
<td>(137)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at April 30, 2006</td>
<td>$114,172</td>
<td>$13,733</td>
<td>$6,510</td>
<td>$41,137</td>
<td>$488,696</td>
<td>$664,248</td>
</tr>
</tbody>
</table>
Required Supplementary Information
South Broward Hospital District
d/b/a Memorial Healthcare System

Schedule of Funding Progress (Unaudited)

(In Thousands)

<table>
<thead>
<tr>
<th>Year Ended April 30</th>
<th>Actuarial Value of Assets*</th>
<th>Actuarial Accrued Liability**</th>
<th>Unfunded Actuarial Accrued Liability (Funding Excess)</th>
<th>Funded Ratio</th>
<th>Annual Covered Payroll</th>
<th>Unfunded Actuarial Accrued Liability (Funding Excess) as a Percent of Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$102,927</td>
<td>$127,926</td>
<td>$24,999</td>
<td>80.5%</td>
<td>$150,118</td>
<td>16.7%</td>
</tr>
<tr>
<td>2003</td>
<td>125,910</td>
<td>149,356</td>
<td>23,446</td>
<td>84.3</td>
<td>181,260</td>
<td>12.9</td>
</tr>
<tr>
<td>2004</td>
<td>139,554</td>
<td>167,702</td>
<td>28,148</td>
<td>83.2</td>
<td>200,075</td>
<td>14.1</td>
</tr>
<tr>
<td>2005</td>
<td>155,085</td>
<td>183,097</td>
<td>28,012</td>
<td>84.7</td>
<td>218,950</td>
<td>12.8</td>
</tr>
<tr>
<td>2006</td>
<td>175,129</td>
<td>197,500</td>
<td>22,371</td>
<td>88.7</td>
<td>251,197</td>
<td>8.9</td>
</tr>
<tr>
<td>2007</td>
<td>203,113</td>
<td>225,047</td>
<td>21,934</td>
<td>90.3</td>
<td>296,396</td>
<td>7.4</td>
</tr>
</tbody>
</table>

* On May 1, 2002, the asset valuation method was changed from market value of assets to a five-year smoothing method of market value.

** The Actuarial Accrued Liability for each year ended April 30 is based on a beginning of the year (May 1) valuation projected forward to year-end (April 30).
South Broward Hospital District
d/b/a Memorial Healthcare System

Schedule of Employer Contributions (Unaudited)

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Year Ended April 30</th>
<th>Annual Required Contribution*</th>
<th>Percentage Contributed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$ 9,570,000</td>
<td>100%</td>
</tr>
<tr>
<td>2003</td>
<td>12,200,000</td>
<td>100</td>
</tr>
<tr>
<td>2004</td>
<td>13,107,000</td>
<td>100</td>
</tr>
<tr>
<td>2005</td>
<td>13,995,000</td>
<td>100</td>
</tr>
<tr>
<td>2006</td>
<td>14,191,000</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>17,095,000</td>
<td>100</td>
</tr>
</tbody>
</table>

* Annual Required Contribution consists of Normal Cost plus amortization of Unfunded Actuarial Accrued Liability (Funding Excess) and expenses as of the end of the year (i.e., interest is incorporated).
South Broward Hospital District
d/b/a Memorial Healthcare System

Notes to Pension Disclosure Required Supplementary Information (Unaudited)

The information presented in the schedules on pages 59 and 60 included as Pension Disclosure Required Supplementary Information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

<table>
<thead>
<tr>
<th>Valuation date</th>
<th>May 1, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial cost method</td>
<td>Projected Unit Credit Actuarial Cost Method</td>
</tr>
<tr>
<td>Amortization method</td>
<td>Level percent of pay, closed</td>
</tr>
<tr>
<td>Remaining amortization period</td>
<td>Various, ranging from one to 30 years depending on items being amortized – the weighted-average period is 18 years</td>
</tr>
<tr>
<td>Asset valuation method</td>
<td>Five-year smoothing of market value</td>
</tr>
<tr>
<td>Actuarial assumptions:</td>
<td></td>
</tr>
<tr>
<td>Investment rate of return*</td>
<td>8.0%</td>
</tr>
<tr>
<td>Projected salary increases*</td>
<td>Age-based rates based on plan experience</td>
</tr>
<tr>
<td></td>
<td>Attained Age</td>
</tr>
<tr>
<td></td>
<td>Less than 35</td>
</tr>
<tr>
<td></td>
<td>35-44</td>
</tr>
<tr>
<td></td>
<td>45-54</td>
</tr>
<tr>
<td></td>
<td>55 or older</td>
</tr>
<tr>
<td>Growth in covered payroll for amortization</td>
<td>5.0%</td>
</tr>
<tr>
<td>Cost-of-living adjustments</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

*Includes inflation at 4%.
EXECUTION COPY

MASTER TRUST INDENTURE

by and between

SOUTH BROWARD HOSPITAL DISTRICT

and

WACHOVIA BANK, NATIONAL ASSOCIATION, as Master Trustee

Dated as of September 1, 2003

Amending portions of the Trust Indenture dated as of August 1, 1991 by and between South Broward Hospital District and Wachovia Bank, National Association (formerly known as First Union National Bank and First Union National Bank of Florida), as supplemented and amended

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<td>3</td>
</tr>
<tr>
<td>1.02</td>
<td>18</td>
</tr>
</tbody>
</table>

ARTICLE II
INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS

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<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
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<td>21</td>
</tr>
<tr>
<td>2.02</td>
<td>21</td>
</tr>
<tr>
<td>2.03</td>
<td>21</td>
</tr>
<tr>
<td>2.04</td>
<td>22</td>
</tr>
<tr>
<td>2.05</td>
<td>22</td>
</tr>
<tr>
<td>2.06</td>
<td>22</td>
</tr>
</tbody>
</table>

ARTICLE III
PARTICULAR COVENANTS OF THE OBLIGATED GROUP

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<tr>
<th>Section</th>
<th>Page</th>
</tr>
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<tr>
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<td>3.02</td>
<td>26</td>
</tr>
<tr>
<td>3.03</td>
<td>27</td>
</tr>
<tr>
<td>3.04</td>
<td>27</td>
</tr>
<tr>
<td>3.05</td>
<td>28</td>
</tr>
<tr>
<td>3.06</td>
<td>30</td>
</tr>
<tr>
<td>3.07</td>
<td>33</td>
</tr>
<tr>
<td>3.08</td>
<td>34</td>
</tr>
<tr>
<td>3.09</td>
<td>36</td>
</tr>
<tr>
<td>3.10</td>
<td>37</td>
</tr>
<tr>
<td>3.11</td>
<td>38</td>
</tr>
<tr>
<td>3.12</td>
<td>39</td>
</tr>
<tr>
<td>3.13</td>
<td>40</td>
</tr>
<tr>
<td>3.14</td>
<td>40</td>
</tr>
<tr>
<td>3.15</td>
<td>41</td>
</tr>
<tr>
<td>3.16</td>
<td>42</td>
</tr>
</tbody>
</table>

ARTICLE IV
DEFAULT AND REMEDIES

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.01</td>
<td>43</td>
</tr>
<tr>
<td>4.02</td>
<td>44</td>
</tr>
<tr>
<td>4.03</td>
<td>45</td>
</tr>
<tr>
<td>4.04</td>
<td>46</td>
</tr>
</tbody>
</table>

Miami/8218.11
THIS MASTER TRUST INDENTURE, dated for convenience of reference as of the 1st day of September, 2003, by and between the SOUTH BROWARD HOSPITAL DISTRICT (the “District”), a public body corporate established pursuant to Chapter 24415, Laws of Florida, Special Acts of 1947, as amended (the “Act”), and any legal successor to the District under the laws of the State of Florida, and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, duly organized under the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby (the “Master Trustee”),

WITNESSETH:

WHEREAS, pursuant to the Act the District was established as a public body corporate with jurisdiction extending territorially throughout the portion of Broward County, Florida specified in the Act (the “County”); and

WHEREAS, the District has entered into a Trust Indenture dated as of August 1, 1991 (the “1991 Indenture”) and as previously supplemented and amended, hereinafter referred to as the “Original Indenture”) with Wachovia Bank, National Association (formerly known as First Union National Bank and First Union National Bank of Florida), as trustee (the “Original Trustee”), for the purpose of authorizing, issuing and securing certain hospital revenue bonds of the District; and

WHEREAS, the District has previously issued and currently has outstanding under the Original Indenture its (i) Hospital Refunding Revenue Bonds, Series 1996 (the “1996 Bonds”), (ii) Hospital Revenue Bonds, Series 2002 (the “2002 Bonds”), (iii) Hospital Refunding Revenue Bonds, Series 2003A, (the “2003A Bonds”), (iv) Hospital Revenue Bonds, Series 2003B (the “2003B Bonds”) and (v) Hospital Revenue Refunding Bonds, Series 2003C (the “2003C Bonds”) and, together with the 1996 Bonds, the 2002 Bonds, the 2003A Bonds and the 2003B Bonds, the “Outstanding Prior Bonds”); and


WHEREAS, the District desires to amend the Original Indenture in order to make certain modifications, alterations and amendments thereto as set forth in this Master Trust Indenture and in the Third Supplemental Trust Indenture, dated February 1, 2002 (the “Third Supplemental Trust Indenture”) by and between the District and the Original Trustee, specifically: Article I, to the extent that the defined terms contained therein are modified by the Third Supplemental Indenture or by this Master Trust Indenture; Article II, Sections 2.01, 2.08, 2.09, 2.10, 2.11, 2.15, 2.16, 2.17, 2.18, 2.19, 2.20, 2.21 and 2.22; Article III, Sections 3.01(a), 3.01(b), 3.02(b), 3.03(b) and 3.04(a); Article V, Sections 5.01 and 5.03; Article VII, Sections 7.04, 7.09(a), 7.09(b), 7.09(c), 7.09(e), 7.10, 7.11, 7.12, 7.13, 7.16, 7.17, 7.18, 7.23, 7.24, 7.25, 7.26 and 7.27; Article VIII, Section 8.02(f) and 8.03; Article XI, Sections 11.01(f), 11.01(g), 11.01(k), 11.01(i) and 11.01(p); Article XIV, Sections 14.15, 14.16, 14.17 and 14.18; and at such time as the 1996 Bonds are no longer outstanding, Sections 3.01(c), 7.09(d) and 7.14; and

WHEREAS, Section 11.02 of the Original Indenture provides that the District may, from time to time and at any time, with the consent and approval of (i) the holders of not less than 51% in aggregate principal amount of the Bonds (as defined in the Original Indenture) then outstanding and (ii) each Bond Insurer insuring any such Bonds outstanding, execute a supplemental trust indenture as deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, certain terms or provisions contained in the Original Indenture (which supplemental trust indenture shall thereafter form a part of the Original Indenture); and

WHEREAS, as of the date hereof, the District has complied with the requirement of Sections 11.02 and 11.03 of the Original Indenture, and, therefore, the District and Wachovia Bank, National Association, as the Original Trustee under the Original Indenture, the Third Supplemental Indenture, the Fourth Supplemental Trust Indenture, dated February 1, 2003 (the “Fourth Supplemental Indenture”) and the Fifth Supplemental Trust Indenture, dated February 1, 2003 (the “Fifth Supplemental Indenture”) each by and between the District and the Original Trustee and as the Master Trustee under this Master Trust Indenture, may execute and deliver this Master Trust Indenture in order to amend the Original Indenture to the extent provided herein; and

WHEREAS, as of the date hereof, the District shall also enter into supplements to this Master Trust Indenture for all Outstanding Prior Indebtedness and issue Obligations to secure all Outstanding Prior Indebtedness; and

WHEREAS, all acts and things necessary to constitute this Master Trust Indenture a valid indenture and agreement according to its terms have been done and performed; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligations issued hereunder by the registered owners thereof, and for the purpose of fixing and declaring the terms and conditions upon which Obligations are to be issued, authenticated, delivered and accepted by all persons who shall from time to time be or become registered owners thereof, the District covenants and agrees with the Master Trustee, for the equal and proportionate benefit of the respective registered owners from time to time of Obligations issued hereunder, as follows:
ARTICLE I
DEFINITIONS AND OTHER PROVISIONS CONCERNING INTERPRETATION

Section 1.01 Definitions. For the purposes hereof the capitalized terms used herein without definition shall have the meaning ascribed to such terms as set forth in the recitals herein, and unless the context otherwise indicates, the following words and phrases shall have the following meanings:

“Account Lien Amount” means the product of (x) 35% multiplied by (y) an amount equal to the Combined Group’s accounts receivable (as shown on the Audited Financial Statements for the most recent Fiscal Year for which Audited Financial Statements are available).

“Accounts” means the respective accounts of the Members of the Obligated Group, as accounts are defined in Section 679.1021(b), Florida Statues, as amended.

“Additional Indebtedness” means any Indebtedness incurred by any Member of the Obligated Group subsequent to the issuance of Obligation No. 11 under the Master Trust Indenture or incurred by any other Member of the Obligated Group subsequent to or contemporaneously with its becoming a Member of the Obligated Group or by any Member of the Combined Group subsequent to its becoming a Member of the Combined Group.

“Affiliate” means a governmental body, a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or any state thereof which is directly or indirectly controlled by the District, by any other Affiliate or by any Person (except the State of Florida or the County) which directly or indirectly controls the District or which directly or indirectly controls any other Affiliate; provided, however, that the term “Affiliate” shall not include the District. For purposes of this definition, control means the power to direct the management and policies of a Person through the ownership of not less than a majority of its voting securities or the right to designate or elect not less than a majority of the members of its board of directors or other governing board or body, by contract or otherwise.

“Audited Financial Statements” means, as to any Member of the Combined Group, financial statements for a twelve-month period, or for such other period for which an audit has been performed, prepared in accordance with generally accepted accounting principles, which have been audited and reported upon by independent certified public accountants. Audited Financial Statements of the District shall also include, in an additional information section, unaudited combining financial statements for the same twelve-month period from which the accounts of any Affiliate which is not a Member of the Combined Group have been eliminated and to which the accounts of any Member of the Combined Group which is not already included have been added; provided, however, that for purposes of adding the accounts of a Member of the Obligated Group which is not an Affiliate, the balances of such accounts shall be extracted from audited financial statements of such Member of the Combined Group and its affiliates, if any.

“Authorized Representative” shall mean, with respect to the District, the Chairperson of its Governing Body or its chief executive officer or its chief financial officer, and, with respect to each other Member of the Obligated Group, the Chairperson of its Governing Body or its chief executive officer or its chief financial officer or any other person or persons designated as an Authorized Representative of the District or any other Member of the Obligated Group by an Officer’s Certificate of the District or such Member of the Obligated Group, respectively, signed by the Chairperson of its Governing Body or its chief executive officer or chief financial officer and filed with the Master Trustee.

“Balloon Long-Term Indebtedness” means Long-Term Indebtedness, 25% or more of the principal payments of which are due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

“Book Value” when used in connection with Property, Plant and Equipment or other Property of any Person, means the value of such property, net of accumulated depreciation, as is carried on the books of such Person in conformity with generally accepted accounting principles, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property, Plant and Equipment or other Property of the Obligated Group determined in such a manner that no portion of such value of Property, Plant and Equipment or other Property is included more than once.


“Combined Group” means, collectively, each Member of the Obligated Group and each Restricted Affiliate.

“Completion Indebtedness” means any Long-Term Indebtedness incurred by any Member of the Combined Group for the purpose of financing the completion of facilities for the acquisition, construction or equipping of which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions of this Master Trust Indenture, to the extent necessary to provide a completed and equipped facility of the type and scope contemplated at the time that such Long-Term Indebtedness theretofore incurred was originally incurred, and, to the extent the same shall be applicable, in accordance with the general plans and specifications for such facility as originally prepared with only such changes as have been made in conformance with the documents pursuant to which such Long-Term Indebtedness theretofore incurred was originally incurred.

“Consultant” means a firm or firms which is not, and no member, stockholder, director, officer, trustee or employee of which is, an officer, director, trustee or employee of any Member of the Obligated Group or any Affiliate, and which is a professional consultant of national repute for having the skill and experience necessary to render the particular report required by the provision hereof in which such requirement appears and which is not unacceptable to the Master Trustee.

“Controlling Affiliate” means an Affiliate that is not a member of the Obligated Group and that controls a Restricted Affiliate.

“Controlling Affiliate Agreement” means the agreement among a Controlling Affiliate, the Obligated Group and the Master Trustee in the form required by Section 3.14 of this Master Trust Indenture.
“Corporate Charter” means, with respect to any corporation, the articles of incorporation, certificate of incorporation, corporate charter or other organic document pursuant to which such corporation is organized and existing under the laws of the United States of America or any state thereof.

“Corporate Trust Office” means the office of the Master Trustee or its agent designated by the Master Trustee from time to time, which, until designated otherwise, shall be at the address set forth in Section 10.08 hereof.

“Credit Facility” means a municipal bond insurance policy, line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility established in connection with the issuance of indebtedness to provide credit or liquidity support for such indebtedness, or to serve as a surety in lieu of a debt service reserve fund under any Related Bond Indenture.

“Cross-over Date” means, with respect to Cross-over Refunding Indebtedness, the last date on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or redeemed from the proceeds of such Cross-over Refunding Indebtedness.

“Cross-over Refunding Indebtedness” means Indebtedness refunded by Cross-over Refunding Indebtedness.

“Cross-over Refunding Indebtedness” means Indebtedness issued for the purpose of refunding Cross-over Refunded Indebtedness if the proceeds of such Cross-over Refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable redemption date or dates or maturity date of the Cross-over Refunded Indebtedness, and the earnings on such escrow deposit are required to be applied to pay interest on such Cross-over Refunding Indebtedness until the Cross-over Date.

“Defeasance Obligations” means, unless modified by the terms of a particular Supplement, noncallable, nonpayable (i) Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonpayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iii) Defeased Municipal Obligations, (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, (v) the senior debt obligations of (A) Federal Home Loan Mortgage Corp., (B) Farm Credit System, (C) Federal Home Loan Banks, (D) Federal National Mortgage Association, (E) Student Loan Marketing Association, (F) Financing Corp., (G) Resolution Funding Corp., and (H) U.S. Agency for International Development, and (vi) stripped securities where the principal-only and interest-only strips of noncallable obligations are issued by the U.S. Treasury or Resolution Funding Corp. securities stripped by the Federal Reserve Bank of New York.

“Defeased Municipal Obligations” means obligations of state or local government municipal bond issuers rated the highest rating by Standard & Poor’s Ratings Services and Moody’s Investors Service, respectively, provision for the payment of the principal of and interest on which shall have been made by irrevocable deposit with a trustee or escrow agent of (i) noncallable, nonpayable Government Obligations or (ii) evidences of ownership of a proportionate interest in specified noncallable, nonpayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian, the maturing principal of and interest on such Government Obligations or evidences of ownership, when due and payable, shall provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations of state or local government municipal bond issuers.

“Defeased Obligations” means Obligations, issued under a Supplement that have been discharged in accordance with Article VII of the Master Trust Indenture, or provision for the discharge of which has been so made, pursuant to the terms of such Supplement.

“Derivative Agreement” means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the Member of the Combined Group entering into such contract or arrangement determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

“Derivative Indebtedness” means Indebtedness for which a Member of the Combined Group shall have entered into a Derivative Agreement in respect of all or a portion of such Indebtedness.

“Derivative Period” means the period during which a Derivative Agreement is in effect.

“Escrowed Interest” means amounts of interest on Long-Term Indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the “Escrowed Interest Deposit”) which Escrowed Interest Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Interest.

“Escrowed Principal” means amounts of principal on Long-Term Indebtedness for which moneys or Defeasance Obligations have been deposited in escrow (the “Escrowed Principal Deposit”) which Escrowed Principal Deposit has been determined by an independent accounting firm to be sufficient to pay such Escrowed Principal.

“Event of Default” means any one or more of those events set forth in Section 4.01 of this Master Trust Indenture.
“Financial Statements” means the unaudited combining financial statements of the Combined Group included, in an additional information section, in the Audited Financial Statements of the District and its Affiliates and covering the same twelve-month period as the Audited Financial Statements, which shall be extracted from the Audited Financial Statements and (i) from which the accounts of any Affiliate which is not a Member of the Combined Group have been eliminated and (ii) to which the accounts of any Member of the Combined Group which is not already included have been added; provided, however, that for purposes of adding the accounts of a Member of the Combined Group which is not an Affiliate pursuant to this clause (ii), the balances of such accounts shall be extracted from audited financial statements of such Member of the Combined Group and its affiliates, if any.

“Fiscal Year” means the fiscal year of each Member of the Obligated Group, which shall be the period commencing on May 1 of any year and ending on April 30 of such following year unless the Master Trustee is notified in writing by the District of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice.

“Fitch” means Fitch Inc., a Delaware limited partnership, its successors and their assigns, and, if such entity 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 Obligated Group Representative by notice to the Master Trustee.

“Governing Body” means, (i) when used with respect to the District, the duly appointed members of the Board of Commissioners of the District and (ii) when used with respect to any Member of the Combined Group, its board of directors, board of trustees, or other board or group of individuals by, or under the authority of which, corporate or governmental powers of such Member of the Combined Group are exercised.

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, including interest strips of obligations issued by the Resolution Funding Corporation, but excluding unit investment trusts and mutual funds.

“Governmental Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, including interest strips of obligations issued by the Resolution Funding Corporation, but excluding unit investment trusts and mutual funds.

“Governmental Restrictions” means federal, state or other applicable governmental laws or regulations affecting any Member of the Combined Group and its health care facilities placing restrictions and limitations on the (i) fees and charges to be fixed, charged and collected by any Member of the Combined Group or (ii) the amount or timing of the receipt of such revenues.

“Gross Revenue Fund” means the Gross Revenue Fund created under Section 5.03 of the Original Indenture and restated under Section 3.01 of this Master Trust Indenture.

“Gross Revenues” means (a) all revenues, income, receipts, chattel paper and money now owned or hereafter acquired by or on behalf of the District or any Member of the Obligated Group, which are derived by the District or such other Member of the Obligated Group from or in connection with its ownership and operation of, or in connection with, its facilities, whether in the form of accounts or general intangibles or other rights, including contract rights and rights to payment (1) for goods and properties sold or leased or services rendered, (2) under agreements respecting insurance, Medicare, Medicaid, Blue Cross and under other arrangements with governmental units, agencies and instrumentalities, and prepaid health organizations, and (3) from any insurance or award or agreement in lieu of an award resulting from eminent domain proceedings, (b) investment income from and revenues realized upon liquidation or sale of securities held by or on behalf of the District or such other Member of the Obligated Group, (c) the proceeds of those items constituting Gross Revenues to which reference is made in clauses (a) and (b) above, and (d) all gifts, grants, bequests, contributions and donations received by the District or other Member of the Obligated Group, including the unrestricted income and profits therefore, exclusive of gifts, grants, bequests, contributions and donations to the extent specifically restricted to a particular purpose inconsistent with their use for the making of payments of principal of, premium, if any and interest on the Obligations. There shall not be included in the Gross Revenues the proceeds of any borrowing if and to the extent required to be excluded by the terms of the borrowing.

With respect to the District or any other governmental unit with taxing power who may become a Member of the Obligated Group, “Gross Revenues” shall not include ad valorem tax receipts received pursuant to the Act.

“Guaranty” means any obligation of any Member of the Combined Group guaranteeing in any manner, directly or indirectly, any obligation of any Person that is not a Member of the Combined Group which obligation of such other Person would, if such obligation were the obligation of a Member of the Combined Group, constitute Indebtedness hereunder. For the purposes of this Master Trust Indenture, the aggregate annual principal and interest payments on any indebtedness in respect of which any Member of the Combined Group shall have executed and delivered its Guaranty, shall, so long as no payments are required to be made THEREUNDER and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles, be deemed to be equal to 20% of the amount which would be payable as principal of and interest on the indebtedness for which a Guaranty shall have been issued during the Fiscal Year for which any computation is being made (calculated in the same manner as the Long-Term Debt Service Coverage Ratio), provided that if there shall have occurred a payment by any Member of the Combined Group on such Guaranty, then, during the period commencing on the date of such payment and ending on the day which is one year after such other Person resumes making all payments on such guaranteed obligation, 100% of the amount payable for principal and interest on such guaranteed indebtedness during the period for which the computation is being made shall be taken into account.

“Holder” means an owner of any Obligation issued in other than bearer form; provided, however, that, so long as the 1996 Bonds are Outstanding, the word “Holder” shall be deemed not to include the owner of Obligations issued in respect of Outstanding Prior Certificates or other Indebtedness herein that would not be considered Additional Bonds under the Original Indenture, if such term is used in connection with the direction of proceedings or in connection with the granting of consents and approvals under this Master Trust Indenture.

“Indebtedness” means (i) all indebtedness of Members of the Combined Group for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations incurred or assumed by any Member of the Combined Group, and (iii) all Guaranties, whether constituting
Long-Term Indebtedness or Short-Term Indebtedness. Indebtedness shall not include obligations of any Member of the Combined Group to another Member of the Combined Group.

“Lien” means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of any Member of the Combined Group which secures any Indebtedness or any other obligation of any Member of the Combined Group or which secures any obligation of any Person, other than an obligation to any Member of the Combined Group.

“Limited Obligor” shall mean any Person, other than a Member of the Combined Group, on whose account any Member of the Obligated Group has issued a Guaranty and such Person has executed and delivered to such Member of the Obligated Group a Pledged Note.

“Limited Obligor Income” means with respect to each Limited Obligor, as to any period of 12 consecutive calendar months, the lesser of (i) the amount included in the Long-Term Debt Service Requirement relating to any Guaranty by a Member of the Combined Group of any indebtedness of the Limited Obligor or (ii) the Limited Obligor Income Available for Debt Service; provided that if the amount included in the Long-Term Debt Service Requirement for such period is at any time equal to 100% of the debt service on such indebtedness instead of 20%, the Limited Obligor Income for such period shall be equal to zero.

“Limited Obligor Income Available for Debt Service” means, with respect to any Limited Obligor, as to any period of 12 consecutive calendar months, its excess of revenues (including interest earnings on restricted funds and a sum equal to all gifts, grants, bequests, contributions and donations unrestricted as to their use received in the prior three Fiscal Years divided by three) over expenses before depreciation, amortization and interest expense on Long-Term Indebtedness, as determined in accordance with generally accepted accounting principles consistently applied; provided, however, that (1) no determination thereof shall take into account any (a) gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business or (b) unrealized gains and losses on investments of any Member of the Combined Group, or (c) non-recurring, unanticipated gains or losses; provided, however, that in the case of losses, such losses shall be excluded only to the extent that the District has unrestricted cash or short term investment sufficient to pay such loss which shall be certified in an Officer’s Certificate, and (2) revenues shall not include earnings from the investment of Escrowed Interest or earnings constituting Escrowed Interest to the extent that such earnings are applied to the payment of principal or interest on Long-Term Indebtedness which is excluded from the determination of Long-Term Debt Service Requirement or Related Bonds secured by such Long-Term Indebtedness.

“Long-Term Debt Service Coverage Ratio” means for any period of time the ratio determined by dividing the Net Income Available for Debt Service by Maximum Annual Debt Service.

“Long-Term Debt Service Requirement” means, for any period of 12 consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness of the Combined Group during such period, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness which is not amortized by the terms thereof (a) the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of not to exceed thirty (30) years as determined by the Obligated Group Representative in an Officer’s Certificate on a level debt service basis at an interest rate equal to the rate borne by such Indebtedness on the date calculated, except that if the date of calculation is within twelve (12) months of the actual maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation or (b) principal payments or deposits with respect to Indebtedness secured by an irrevocable letter of credit issued by, or an irrevocable line of credit with, a bank rated in either of the three highest long-term rating categories or the two highest short-term rating categories, in each case without regard to gradations within such categories, from either Moody’s, S&P or Fitch, or insured by an insurance policy issued by any insurance company rated at least “A” by Alfred M. Best Company or its successors in Best’s Insurance Reports or its successor publication, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the Member of the Obligated Group which issued such Indebtedness, be treated as if such principal payments or deposits were due as specified in any loan agreement issued in connection with such letter of credit, line of credit or insurance policy or pursuant to the repayment provisions of such letter of credit, line of credit or insurance policy, and interest on such Indebtedness after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or repayment provisions;

(ii) with respect to Long-Term Indebtedness which is Variable Rate Indebtedness the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness (and the incurrence thereof) the interest rate for such Indebtedness for the initial interest rate period shall be the initial rate at which such Indebtedness is issued and thereafter shall be calculated as set forth above;

(iii) with respect to any Credit Facility, to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility shall not be included in the Long-Term Debt Service Requirement;

(iv) with respect to any Derivative Indebtedness, the interest on such Indebtedness during any Derivative Period, and for so long as the provider of the Derivative Agreement has not been terminated, shall be calculated by adding (x) the amount of interest payable by a Member of the Combined Group on such Derivative Indebtedness pursuant to its terms and (y) the amount of interest payable by such Member of the Combined Group under the Derivative Agreement and subtracting (z) the amount of interest payable by the provider of the Derivative Agreement at the rate specified in the Derivative Agreement; provided, however, that from and after the termination of any Derivative Agreement, the amount of interest payable by the Member of the Combined...
Group shall be the interest calculated as if such Derivative Agreement had not been executed;

provided, however, that Encroached Interest, Escrowed Principal and principal and interest payments with respect to Indebtedness secured by the full faith and credit and/or ad valorem taxing power of any Member of the Obligated Group that is a governmental unit with taxing power, shall be excluded from the determination of Long-Term Debt Service Requirement.

“Long-Term Indebtedness” means all Indebtedness having a maturity longer than one year incurred or assumed by any Member of the Combined Group, including:

(i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(ii) leases which are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year;

(iii) installment sale or conditional sale contracts having an original term in excess of one year;

(iv) Short-Term Indebtedness if a commitment by a financial lender exists to provide financing to retire such Short-Term Indebtedness, such commitment provides for the repayment of principal on terms which would, if such commitment were implemented, constitute Short-Term Indebtedness and the Obligated Group shall have caused the Short-Term Indebtedness to be retired through a borrowing under such commitment; and

(v) the current portion of Long-Term Indebtedness.

“Master Trust Indenture” means this Master Trust Indenture, dated as of September 1, 2003, including any amendments or supplements hereto.

“Master Trustee” means Wachovia Bank, National Association, a national banking association duly organized under the laws of the United States of America and authorized to accept and administer the trusts created hereby, and its successors in the trusts created under this Master Trust Indenture.

“Maximum Annual Debt Service” means the highest Long-Term Debt Service Requirement for any succeeding Fiscal Year.

“Member of the Combined Group” means each Member of the Obligated Group and each Restricted Affiliate.

“Member of the Obligated Group” means the District and any other Person becoming a Member of the Obligated Group pursuant to Section 3.11 hereof; but excluding any entity that ceases to be a Member of the Obligated Group pursuant to Section 3.12 hereof.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, 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, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Obligated Group Representative by notice to the Master Trustee.

“MTI Pledged Funds” means the Operating Revenue Accounts and the Gross Revenue Fund each created under Section 3.01 of this Master Trust Indenture.

“Net Income Available for Debt Service” means, with respect to the Combined Group, as to any period of 12 consecutive calendar months, (i) its excess of Gross Revenues (including ad valorem tax revenues received by the District pursuant to the Act which are available to pay expenses of the facilities, including expenses attributable to the provision of free care, interest earnings on restricted funds, a sum equal to all gifts, grants, bequests, contributions and donations unrestricted as to their use received in the prior three Fiscal Years divided by three, and net proceeds from use and occupancy insurance, including business interruption insurance, but excluding proceeds from any other insurance or condemnation award), over expenses before depreciation, amortization and interest expense on Long-Term Indebtedness, as determined in accordance with generally accepted accounting principles consistently applied, plus (ii) the Limited Obligor Income for each Limited Obligor; provided, however, that (1) no determination thereof shall take into account any (a) gain or loss resulting from either the extinguishment of Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business or (b) unrealized gains and losses on investments of any Member of the Combined Group, or (c) non-recurring, unanticipated gains or losses; provided, however, that in the case of losses, such losses shall be excluded only to the extent that the Obligated Group or the Restricted Affiliates, as appropriate, has unrestricted cash or short term investments sufficient to pay such loss which shall be certified in an Officer’s Certificate, and (2) revenues shall not include interest earnings or investment income on moneys or securities deposited in escrow funds to the extent that such earnings or interest are applied to the payment of principal or interest on Indebtedness which is excluded from the determination of Long-Term Debt Service Requirement or Related Bonds secured by such Long-Term Indebtedness.

“Non-Operating Revenues” means non-operating revenues of each Member of the Obligated Group determined in accordance with generally accepted accounting principles including, ad valorem tax receipts of any Member of the Obligated Group that is a governmental unit with taxing power.

“Non-Recourse Indebtedness” means any Indebtedness incurred to finance the purchase or improvement of Property secured exclusively by a Lien on or pledge of such Property or the revenues or net revenues produced by such Property or both, the liability for which is effectively limited to such Property or revenues subject to such Lien with no recourse, directly or indirectly, to any other Property or revenues of any Member of the Obligated Group.

“Obligated Group” means, collectively, the Members of the Obligated Group.
“Obligated Group Representative” means, initially, the District, and thereafter any Person as may be designated pursuant to written notice to the Master Trustee executed by all of the Members of the Obligated Group.

“Obligation” means the evidence of particular Indebtedness issued under this Master Trust Indenture as a joint and several obligation of the District and each other Member of the Obligated Group; provided, however, that, so long as the 1996 Bonds are outstanding, Obligations issued in connection with Outstanding Prior Certificates and Indebtedness incurred hereunder that would not be considered Additional Bonds under the Original Indenture, shall not entitle the holders thereof to any rights to the lien upon and pledge of the MTI Pledged Funds, to direct proceedings or to grant approvals and consents under this Master Trust Indenture, and any such Obligation issued shall contain an express statement to such effect.

“Officer’s Certificate” means a certificate signed by the Authorized Representative of such Member of the Obligated Group as the context requires.

Each Officer’s Certificate presented pursuant to this Master Trust Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, this Master Trust Indenture. Each Officer’s Certificate shall state (i) that the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer’s Certificate is delivered or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

“Operating Assets” means any or all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory owned or operated by each Member of the Combined Group and used in its respective trade or business, whether separately or together with other such assets, but not including cash, investment securities and other Property held for investment purposes.

“Operating Revenue Accounts” means the Operating Revenue Accounts established pursuant to Section 5.03 of the Original Indenture and restated pursuant to Section 3.01 of this Master Trust Indenture.

“Opinion of Bond Counsel” means an opinion in writing signed by an attorney or firm of attorneys acceptable to the District and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“Opinion of Counsel” means an opinion in writing signed by an attorney or firm of attorneys, acceptable to the District, who may be counsel for any Member of the Obligated Group.

“Original Indenture” means the Trust Indenture dated as of August 1, 1991, as previously supplemented and amended, by and between the District and the Original Trustee.

“Original Trustee” means Wachovia Bank, National Association (formerly known as First Union National Bank and First Union National Bank of Florida) its successors in trust created under the Original Indenture.

“Outstanding” when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (i) Obligations theretofore canceled by the Master Trustee or delivered to the Master Trustee for cancellation, (ii) Indebtedness deemed paid and no longer Outstanding under the documents pursuant to which such Indebtedness was incurred, (iii) Deceased Obligations and (iv) Obligations in lieu of which other Obligations have been authenticated and delivered or have been paid pursuant to the provisions of the Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser; provided, however, that for purposes of determining whether the Holders of the requisite principal amount of Obligations have concurred in any demands, direction, request, notice, consent, waiver or other action under this Master Trust Indenture, Obligations or Related Bonds or Related Certificates that are owned by any Member of the Combined Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member and Obligations issued in connection with Outstanding Prior Certificates and Indebtedness hereunder that would not be considered Additional Bonds under the Original Indenture shall be deemed not to be Outstanding, provided further, however, that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent, or waiver, only such Obligations or Related Bonds or Related Certificates which the Master Trustee has actual notice or knowledge are so owned shall be deemed to be not Outstanding.

“Permitted Liens” shall have the meaning given in Section 3.05 hereof.

“Person” includes an individual, association, unincorporated organization, corporation, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

“Pledged Note” means a promissory note executed by a Limited Obligor, as maker, in favor of a Member of the Obligated Group, as payee, evidencing a sum certain liability of such maker to such payee, which is assigned by such payee to the Master Trustee pursuant to Section 3.16 hereof.

“Property” means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

“Property, Plant and Equipment” means all Property of the Members of the Obligated Group which is property, plant and equipment under generally accepted accounting principles.

“Rating Agency” shall mean Moody’s or S&P or Fitch or any other Rating Agency that has been requested by the District or a Member of the Obligated Group to assign a rating to particular Related Bonds.

“Related Bond Indenture” means any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds is issued. With respect to the 1996 Bonds, the 2002 Bonds, the 2003A Bonds, the 2003B Bonds, the 2003C Bonds and any Additional Bonds issued under the Original Indenture, the Related Bond Indenture shall mean, respectively, the Second Supplemental Trust Indenture, dated February 15, 1996, the Third Supplemental Trust
Indenture, dated as of February 1, 2002, the Fourth Supplemental Trust Indenture, dated as of February 1, 2003, the Fifth Supplemental Trust Indenture dated as of February 1, 2003, and the corresponding supplemental indenture relating to the issuance of Additional Bonds, each by and between the District and the Original Trustee, together with those portions of the 1991 Indenture that remain in effect after the effective date of this Master Trust Indenture, as expressly set forth in the Third Supplemental Trust Indenture mentioned above.

“Related Bond Issuer” means the issuer of any issue of Related Bonds.

“Related Bonds” means the revenue bonds or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof including, without limitation, the District ("governmental issuer"), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to (i) a Member of the Obligated Group in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer, or (ii) any Person other than a Member of the Combined Group in consideration of the issuance to such governmental issuer (A) by such Person of any indebtedness or other obligation of such Person, and (B) by a Member of the Combined Group of a Guaranty in respect of such indebtedness or other obligation, which Guaranty is represented by an Obligation.

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture.

“Related Certificate” means the revenue certificate or other obligations issued by any state, territory or possession of the United States or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof including, without limitation, the District ("governmental issuer"), pursuant to one or more Related Loan Agreements with one or more Related Lenders, the proceeds of which are loaned or otherwise made available to a Member of the Obligated Group in consideration of the execution, authentication and delivery of an Obligation to or for the order of such governmental issuer.

“Related Lender” means any corporate bank, trust company or national banking association and its successors and assigns that enters into a Related Loan Agreement with respect to the issuance of Related Certificates.

“Related Loan Agreement” means a loan agreement or other comparable instrument pursuant to which a Related Certificate is issued evidencing a loan from the Related Lender, the proceeds of which are made available to a Member of the Obligated Group.

“Restricted Affiliate” shall mean any Affiliate of a Member of the Obligated Group that:

1. is either (a) a governmental body, including, but not limited to, a special district, or (b) a non-stock membership corporation of which one or more Members of the Obligated Group or Affiliates of Members of the Obligated Group (a “Controlling Affiliate”) are the sole members, or (c) a non-stock, non-membership corporation or trust of which the sole beneficiaries or controlling Persons are one or more Members of the Obligated Group or a Controlling Affiliate, or (d) a stock corporation all of the outstanding shares of stock of which are owned by one or more Members of the Obligated Group or a Controlling Affiliate, and

2. (a) if such Affiliate is a non-stock corporation or a trust, the corporate charter or bylaws, in the case of a non-stock corporation, and the applicable organizational documents, in the case of a trust, shall provide that the net assets of such Affiliate shall be transferred to the Member of the Obligated Group or a Controlling Affiliate that is (are) its sole member(s), beneficiary(ies) or controlling person(s) upon liquidation or dissolution of such Affiliate provided that if such Affiliate is a Tax Exempt Organization, then for so long as the applicable Member of the Obligated Group or a Controlling Affiliate is a Tax Exempt Organization, the organizational documents of such Affiliate and applicable law may (A) provide for the naming of another Member of the Obligated Group or a Controlling Affiliate as a substitute beneficiary if the then current beneficiary ceases to be Tax Exempt Organization and (B) prohibit transfers to organizations that are not Tax Exempt Organizations, and

(b) (i) the power to alter, amend or repeal the corporate charter or bylaws or other applicable organizational documents of such Affiliate, or to adopt new bylaws for such entity, will be reserved to the Member of the Obligated Group or the Controlling Affiliate that is its sole member, beneficiary or controlling person and (ii) the Member of the Obligated Group or the Controlling Affiliate that is its sole member, beneficiary or controlling Person shall have the sole right to appoint and dismiss, with or without cause, the members of the board of directors of such Affiliate and

(c) has (i) the legal power, with approval of a majority of its Governing Body but without the consent of any other Person, to transfer to any Member of the Obligated Group or the Controlling Affiliate money required for the payment of Indebtedness of any Member of the Obligated Group or the Controlling Affiliate, and (ii) the ability under applicable law and its organizational documents, with approval of a majority of the members of its Governing Body, to transfer all assets of such Affiliate remaining after payment of its debts to any Member of the Obligated Group or the Controlling Affiliate provided that if such Affiliate is a Tax Exempt Organization, then for so long as the applicable Member of the Obligated Group is a Tax Exempt Organization, the organizational documents of such Affiliate and applicable law may (A) provide for the naming of another Member of the Obligated Group or a Controlling Affiliate as a substitute beneficiary if the then current beneficiary ceases to be a Tax Exempt Organization, and (B) prohibit transfers to organizations that are not Tax Exempt Organizations, and

3. if such Affiliate is organized in any of the other forms mentioned in the definition of Affiliate herein, one or more Members of the Obligated Group or a Controlling Affiliate has the power and authority, by contract or otherwise, to control the operation and assets of such Affiliate, and
“Total Revenues” means, with respect to the Obligated Group, as to any period of time, Total Operating Revenues plus Non-Operating Revenues.

“Transaction Test” means, for purposes of any consolidation, merger sale or conveyance under Section 3.09 hereof (a “Merger”), a party becoming a Member of the Obligated Group under Section 3.11 hereof (an “Admission”), a withdrawal from the Obligated Group under Section 3.12 hereof (a “Withdrawal”), the designation of a Restricted Affiliate under Section 3.14 hereof (a “Designation”), or the release of a Restricted Affiliate under Section 3.15 hereof (a “Release”), any of the following: (A) an Officer’s Certificate of the Obligated Group Representative demonstrating that the unrestricted fund balance (or excess of assets over liabilities, as the case may be) of the Obligated Group after giving effect to said Merger, Admission, Withdrawal, Designation or Release, as applicable, is not less than 90% of the unrestricted fund balance (or excess of assets over liabilities, as the case may be) of the Obligated Group prior to such Merger, Admission, Withdrawal, Designation or Release, as applicable, as reflected in the most recent Audited Financial Statements.

“Transfer” means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

Section 1.02 Interpretation. (a) To the extent that this Master Trust Indenture permits any Member of the Combined Group to do any act or thing that is inconsistent with or prohibited by the Act or any successor provision of law, to the extent that the same applies to such Member, the permission granted herein shall be inchoate and ineffective unless and until such time as the Act or any successor provision of law shall be amended to permit such act or thing; provided, however, that to the extent that any act or thing permitted by this Master Trust Indenture shall be inconsistent with or prohibited by the Act or any successor provision of law shall not be interpreted as a repealer of the permission granted herein.

(b) Any reference herein to any officer or member of the Governing Body of a Member of the Obligated Group shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(c) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for

(4) has satisfied (or a predecessor has satisfied) the requirements set forth in this Master Trust Indenture for becoming a Restricted Affiliate and has not therefor ceased to satisfy the requirements of clauses (1) and (2) above or satisfied the requirements set forth in this Master Trust Indenture for ceasing to be a Restricted Affiliate.

“Restricted Affiliate Undertaking” means an agreement among each Restricted Affiliate, the Obligated Group and the Master Trustee in the form required by Section 3.14 of this Master Trust Indenture.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies Inc., 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 Obligated Group Representative by notice to the Master Trustee.

“Total Operating Revenues” means, with respect to the Obligated Group, as to any period of time, total operating revenues less all deductions from revenues, as determined in accordance with generally accepted accounting principles consistently applied.

“Transfer” means any act or occurrence the result of which is to dispossess any Person of any asset or interest therein, including specifically, but without limitation, the forgiveness of any debt.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

Section 1.02 Interpretation. (a) To the extent that this Master Trust Indenture permits any Member of the Combined Group to do any act or thing that is inconsistent with or prohibited by the Act or any successor provision of law, to the extent that the same applies to such Member, the permission granted herein shall be inchoate and ineffective unless and until such time as the Act or any successor provision of law shall be amended to permit such act or thing; provided, however, that to the extent that any act or thing permitted by this Master Trust Indenture shall be inconsistent with or prohibited by the Act or any successor provision of law shall not be interpreted as a repealer of the permission granted herein.

(b) Any reference herein to any officer or member of the Governing Body of a Member of the Obligated Group shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(c) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for
convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(d) (1) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Trust Indenture, the same shall be done, unless specified otherwise, in accordance with generally accepted accounting principles. Where the Members of the Obligated Group have different Fiscal Years, their assets, liabilities, revenues and expenses may be determined either by combining the financial results for the most recent Fiscal Year of each Member of the Obligated Group without regard to the date on which such Fiscal Years end or by utilizing another method for combining financial results which the Obligated Group Representative certifies in an Officer’s Certificate delivered to the Master Trustee is reasonable and consistently applied, fairly presents the financial position of the Obligated Group subject to timing differences and are derived by applying the same accounting principles to the financial statements of each Member of the Obligated Group to the extent so applicable.

(2) If subsequent to April 30, 2003, any change in generally accepted accounting principles resulting from the promulgation of rules, regulations, pronouncements and opinions by or required by the Financial Accounting Standards Board, American Institute of Certified Public Accountants, or other authoritative bodies that determine generally accepted accounting principles (or successors thereto or agencies with similar functions), when applied to the Members of the Obligated Group, adversely affects the measure of the Members of the Obligated Group’s performance against criteria contained in any covenant contained herein, such criteria shall be deemed modified so as to cause such change in accounting principles to have no such adverse effect as if such change had not been made. Any such modification to this Master Trust Indenture shall be described in an Officer’s Certificate filed with the Master Trustee, which shall contain a certification to the effect that (i) such modifications are occasioned by such a change in accounting principles, and (ii) such modifications have the effect of measuring the performance of the Members of the Obligated Group in substantially the same manner as that performance would have been measured if generally accepted accounting principles in effect as of April 30, 2003 had been applied. In the absence of manifest error, the modifications described in the Officer’s Certificate filed with the Master Trustee shall be binding on the Master Trustee.

(3) If under generally accepted accounting principles an accounting entry required to be made in a Fiscal Year reflects an adjustment that relates to prior year entries, such as, by way of example only, an adjustment recorded in a current year to third party reimbursement revenues recorded in prior years, and the effect of the adjustment is to cause the Members of the Obligated Group to fail to meet criteria contained in any covenant for the Fiscal Year in which the adjustment is made pursuant to generally accepted accounting principles, then the Members of the Obligated Group will nonetheless be deemed to have met the criteria of such covenant for the Fiscal Year in which the adjustment is made if (a) the amount of the adjustment attributable to each year to which the adjustment relates can be reasonably identified, and (b) after allocating to each such year the portion of the adjustment attributable to each such year pro forma, the criteria set forth in such covenant are then met, pro forma, for each such year and the Fiscal Year in which the criteria of such covenant would not have otherwise been met.
ARTICLE II
INDEBTEDNESS, AUTHORIZATION, ISSUANCE AND TERMS OF OBLIGATIONS

Section 2.01. Amount of Indebtedness. Subject to the terms, limitations and conditions established in this Master Trust Indenture, each Member of the Obligated Group may incur Indebtedness by issuing Obligations hereunder or by creating Indebtedness under any other document. The principal amount of Indebtedness created under other documents and the number and principal amount of Obligations evidencing Indebtedness that may be created hereunder are not limited, except as limited by the provisions hereof, including Section 3.06, or of any Supplement. Any Member of the Obligated Group proposing to incur Long-Term Indebtedness, whether evidenced by Obligations issued or by evidences of indebtedness issued or guarantees entered into pursuant to documents other than this Master Trust Indenture, shall, at least seven (7) days prior to the date of the incurrence of such Indebtedness, give written notice of its intention to incur such Indebtedness, including in such notice the amount of Indebtedness to be incurred, to the other Members of the Obligated Group and to the Master Trustee and any such Member of the Obligated Group, other than the District, proposing to incur such Indebtedness, shall obtain the written consent of the District, which consent shall be evidenced by a resolution of the District’s Governing Body filed with the Master Trustee. Each Member of the Obligated Group is jointly and severally liable for each and every Obligation.

Section 2.02. Designation of Obligations. Obligations shall be issued in such forms, tenor and contain such terms as may from time to time be created by Supplements permitted hereunder. Each Obligation or series of Obligations shall be created by a different Supplement and shall be designated in such a manner as will differentiate such Obligation from any other Obligation. Guarantees issued, incurred or executed by any Member of the Obligated Group may be represented by Obligations issued under this Master Trust Indenture, provided, however, that for so long as the 1996 Bonds remain Outstanding, any Obligations issued with respect to Guarantees or other Indebtedness incurred hereunder that would not be considered Additional Bonds under the Original Indenture, shall not entitle the holders thereof to have any rights to the lien upon and pledge of the MTI Pledged Funds, to direct proceedings or to grant approvals and consents hereunder, and any such Obligation issued shall contain an express statement to such effect.

Section 2.03. Appointment of Obligated Group Representative. Each Member of the Obligated Group, by becoming a Member of the Obligated Group, irrevocably appoints the Obligated Group Representative as its agent and true and lawful attorney in fact and grants to the Obligated Group Representative (a) full and exclusive power to execute Supplements authorizing the issuance of Obligations or series of Obligations, (b) full power to execute Obligations for and on behalf of the Obligated Group and each Member of the Obligated Group, (c) full power to execute Supplements on behalf of the Obligated Group pursuant to Section 6.01 and 6.02 hereof and (d) full power to prepare, or authorize the preparation of, any and all documents, certificates or disclosure materials reasonably and ordinarily prepared in connection with the issuance of Obligations hereunder, or Related Bonds associated therewith, and to execute and deliver such items to the appropriate parties in connection therewith.

Section 2.04. Execution and Authentication of Obligations. All Obligations shall be executed for and on behalf of the Obligated Group by an Authorized Representative of the Obligated Group Representative, by an Authorized Representative of the District, if acting in its individual capacity, by an Authorized Representative of any other Member of the Obligated Group or by any combination thereof. It shall not be required that an Authorized Representative of each Member of the Obligated Group execute each Obligation. The signatures of any such Authorized Representative may be mechanically or photographically reproduced on the Obligation. If any Authorized Representative whose signature appears on any Obligation ceases to be such Authorized Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Authorized Representative had remained in office until such delivery. Each Obligation shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication no Obligation shall be entitled to the benefits hereof.

The Master Trustee’s authentication certificate shall be substantially in the following form:

MASTER TRUSTEE’S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. ___ is one of the Obligations described in the within-mentioned Master Trust Indenture.

Date of Authentication: _______________________, Master Trustee

__________________________________________
By: ________________________________________
Authorized Signatory

Any Obligation proposed to be issued by a Member of the Obligated Group other than the District shall not be authenticated by the Master Trustee unless and until the Master Trustee shall have received the resolution of the Governing Body of the District referred to in Section 2.01 of this Master Trust Indenture.

Section 2.05. Supplement Creating Indebtedness. The Obligated Group Representative and the Master Trustee may from time to time enter into a Supplement in order to create Indebtedness hereunder. Such Supplement shall, with respect to an Obligation evidencing Indebtedness created thereby, set forth the date thereof, and the date or dates on which the principal of and premium, if any, and interest on such Obligation shall be payable, the provisions regarding discharge thereof, and the form of such Obligation as it affects such Obligation.

Section 2.06. Conditions to Issuance of Obligations Hereunder. With respect to Indebtedness created hereunder, simultaneously with or prior to the execution, authentication and delivery of Obligations evidencing such Indebtedness pursuant to this Master Trust Indenture:

(a) All requirements and conditions to the issuance of such Obligations, if any, set forth in the Supplement or in this Master Trust Indenture shall have been complied with and
satisfied, as provided in an Officer’s Certificate of the Obligated Group Representative, a certified copy of which shall be delivered to the Master Trustee;

(b) The issuer of such Obligations shall have delivered to the Master Trustee an Opinion of Counsel to the effect that (1) registration of such Obligations under the Securities Act of 1933, as amended, and qualification of this Master Trust Indenture or the Supplement under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and qualification provisions of said acts have been complied with, and (2) the Master Trust Indenture and the Obligations are valid, binding and enforceable obligations of the Members of the Obligated Group in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance and other laws affecting creditors’ rights generally and usual equity principles; and

(c) The Obligated Group Representative shall have delivered to the Master Trustee an Officer’s Certificate stating that, to the best of the knowledge of the signer thereof, each of the Persons who is to be a Holder of such Obligation upon the original issuance thereof is not acquiring the interest represented by such Obligation directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any Member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant or (ii) any Member of the Obligated Group or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

[End of Article II]

ARTICLE III
PARTICULAR COVENANTS OF THE OBLIGATED GROUP

Section 3.01. Security; Payment of Principal and Interest. (a) All Obligations issued pursuant to this Master Trust Indenture shall be a general joint and several obligation of the issuer of such Obligation and all other Members of the Obligated Group; provided, however, that, with respect to the District, Obligations issued hereunder shall not be deemed to constitute a debt of the District for which the faith and credit and taxing power of the District is pledged, nor shall the issuance of Obligations hereunder directly or indirectly or contingently obligate the State of Florida, Broward County, or the District to levy any tax or to pledge any form of taxation whatever therefor.

To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Obligations and the performance by each Member of the Obligated Group of its other obligations hereunder, each Member of the Obligated Group hereby pledges, assigns and grants to the Master Trustee (i) in the case of the District, a security interest in its Gross Revenues subject to the provisions of the first paragraph of this clause (a), (ii) in the case of any Member of the Obligated Group other than the District, that is a governmental unit possessing power to levy ad valorem taxes, a security interest in its Gross Revenues subject to the provisions of the first paragraph of this clause (a) and (iii) in the case of any Member of the Obligated Group that is not a governmental unit, a security interest in its Accounts. Any Member of the Obligated Group may sell accounts receivable, or incur Indebtedness secured by, all or any part of its accounts receivable free of such security interest, to the extent permitted by the provisions of Sections 3.06, 3.08 and 3.09 of this Master Trust Indenture. In the event of such sale or incurrence of Indebtedness, upon request of a Member of the Obligated Group, the Master Trustee shall execute a release of its security interest with respect to the accounts receivable so sold or pledged as security for such Indebtedness.

(b) There is hereby created a lien upon and pledge of the MTI Pledged Funds in favor of the holders of the Obligations, except, so long the1996 Bonds remain outstanding, with respect to those Obligations issued in connection with the Outstanding Prior Indebtedness and Indebtedness that would not be considered Additional Bonds under the Original Indenture.

Each Member of the Obligated Group shall also execute and deliver to the Master Trustee from time to time such amendments or supplements to this Master Trust Indenture as may be necessary or appropriate to include as security hereunder the Gross Revenues and/or Accounts, as the case may be, in addition to the requirements of Section 3.11 of this Master Trust Indenture. In addition, each Member of the Obligated Group covenants that it will prepare and file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with applicable law or as required due to changes in the Obligated Group, including, without limitation, (i) any Person becoming a Member of the Obligated Group pursuant to Section 3.11 of this Master Trust Indenture, or (ii) any Member of the Obligated Group ceasing to be a Member of the Obligated Group pursuant to Section 3.12 of this Master Trust Indenture. In particular, each Member of the Obligated Group covenants that it will, at least thirty (30) days prior to the expiration of any financing statement, prepare and file such continuation statements of existing financing statement as shall, in the Opinion of Counsel,
be necessary to comply with applicable law and shall provide to the Master Trustee written notice of such filing. If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to the expiration date of any such financing statement, the Master Trustee shall prepare and file or cause each Member of the Obligated Group to prepare and file such continuation statements in a timely manner to assure that the security interest in Gross Revenues or Accounts, as the case may be, shall remain perfected.

(c) Each Member of the Obligated Group covenants that it will not pledge or grant a security interest in any of its Property (except as may be otherwise provided in this Master Trust Indenture).

(d) Except as provided in clause (a) above, each Obligation shall be a joint and several general obligation of each Member of the Obligated Group. Each Member of the Obligated Group covenants to promptly pay or cause to be paid the principal of, premium, if any, and interest on each Obligation issued pursuant to this Master Trust Indenture at the place, on the dates and in the manner provided in this Master Trust Indenture and in said Obligation according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(e) The District and each Member of the Obligated Group agrees that all of the Gross Revenues of the District and each Member of the Obligated Group shall be deposited as soon as practicable upon receipt in the Operating Revenue Accounts (which accounts may be separately maintained for each Member of the Obligated Group) established and maintained with any bank or trust company (including the Master Trustee) in which the District and each Member of the Obligated Group is permitted by State law to deposit its funds.

The District and each Member of the Obligated Group will execute and cause to be sent to each banking institution in which the District and each Member of the Obligated Group deposits the Gross Revenues a notice of the security interest, pledge, lien and charge granted hereunder and will execute and deliver such other documents as may be necessary or reasonably requested by the Master Trustee, in order to and to the extent permitted by law, to perfect or maintain as perfected such security interest, lien, pledge and charge or to give public notice thereof.

The Gross Revenues of the District and each Member of the Obligated Group may be used by the District and the respective Members of the Obligated Group at any time for any lawful purpose of the District and each Member of the Obligated Group, except as provided herein, in the Related Bond Indenture or in the Related Loan Agreements, and pending such use shall be subject to a first pledge, lien and charge in favor of the holders of the Obligations until paid out as and for the further security for such holders as provided for herein, in the Related Bond Indentures and Related Loan Agreements.

The District and each Member of the Obligated Group hereby covenants that they will notify the Master Trustee of the name and credit of the Master Trustee for deposit into the Gross Revenue Fund, the District and each Member of the Obligated Group will cause the Gross Revenues of the District and each Member of the Obligated Group to be deposited in such Fund. In the event that the Gross Revenue Fund has not previously been established under the Original Indenture, the Master Trustee shall create and maintain a Gross Revenue Fund. All Gross Revenues of the District and each Member of the Obligated Group will continue to be deposited in the Gross Revenue Fund until the amounts on deposit in said Fund are sufficient to pay in full all past due payments on the Obligations and all other Events of Default known to the Master Trustee shall have been made good and cured to the satisfaction of the Master Trustee, whereupon, except for the amount of Gross Revenues required to make such payments or cure such defaults, the obligation of the District and each Member of the Obligated Group to deposit the Gross Revenues into the Gross Revenue Fund shall cease and the Gross Revenues shall be returned to the name and credit of the District and each Member of the Obligated Group.

During any period that the District and each Member of the Obligated Group is obligated to deposit Gross Revenues to the Gross Revenue Fund, the District and each Member of the Obligated Group will cause the Master Trustee to use and withdraw amounts in such fund from time to time first to make payments required on the Obligations and then other payments required of the District and each Member of the Obligated Group under this Master Trust Indenture and with respect to other Indebtedness. During any period that the District and each Member of the Obligated Group is obligated to deposit Gross Revenues to the Gross Revenue Fund, the District and each Member of the Obligated Group will not be entitled to use or withdraw any of the Gross Revenues unless and to the extent that the Master Trustee and in its sole discretion so directs for the payment of current or past due operating expenses of the District and each Member of the Obligated Group.

Section 3.02. Covenants as to Corporate Existence, Maintenance of Properties, Etc. Each Member of the Obligated Group hereby covenants:

(a) Except as otherwise expressly provided herein, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; provided, however, that nothing herein contained shall be construed to obligate it to retain or preserve any of its rights or licenses, no longer used or, in the judgment of its Governing Body, no longer useful in the conduct of its business.

(b) At all times to cause its Property to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to prevent it from ceasing to operate any portion of its Property, if in its judgment it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same as permitted herein and within a reasonable time endeavors to effect such sale or other disposition but only if such sale or disposition is otherwise permitted herein, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing herein contained shall require it to
comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) To pay promptly when due all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.

(e) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Obligations created and Outstanding hereunder) whose validity, amount or collectibility is being contested in good faith.

(f) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

(g) To procure and maintain all necessary licenses and permits and maintain accreditation of its health care facilities by the Joint Commission on Accreditation of Healthcare Organizations or other applicable recognized accrediting body; provided, however, that it need not comply with this Section 3.02(g) if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

(h) So long as this Master Trust Indenture shall remain in force and effect, each Member of the Obligated Group which is a Tax-Exempt Organization and is not also a governmental entity at the time it becomes a Member of the Obligated Group agrees that, so long as all amounts due or to become due on any Related Bond or Related Certificate have not been fully paid to the holder thereof, it agrees not to take any action or suffer any action to be taken by others, including any action which would result in the alteration or loss of its status as a Tax-Exempt Organization, which, or fail to take any action which failure, in the Opinion of Bond Counsel, would result in the interest on any Related Bond or Related Certificate becoming included in the gross income of the holder thereof for federal income tax purposes.

Section 3.03. Insurance. Each Member of the Obligated Group agrees that it will maintain, or cause to be maintained, insurance (including one or more self-insurance programs considered to be adequate) covering such risks, in such amounts and with such deductibles and co-insurance provisions as, in the judgment of the District are adequate to protect it and its Property and operations.

Section 3.04. Insurance and Condemnation Proceeds. (a) Amounts that do not exceed 20% of the Book Value of the Property, Plant and Equipment of the Obligated Group received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or as condemnation awards may be used in such manner as the recipient may determine, including, without limitation, applying such moneys to the payment or prepayment of any Indebtedness in accordance with the terms thereof and of any pertinent Supplement.

(b) Amounts that exceed 20% of the Book Value of the Property, Plant and Equipment of the Obligated Group received by any Member of the Obligated Group as insurance proceeds with respect to any casualty loss or as condemnation awards shall be applied to repair or replace the Property (either Property serving the same function or other Property that, in the judgment of the Governing Body, is of equal usefulness) to which such proceeds relate or to the payment or prepayment of Indebtedness in accordance with the terms thereof and of any pertinent Supplement; provided, however, that such amounts may be used in such manner as the recipient may determine if the recipient notifies the Master Trustee and within 12 months after the casualty loss or taking, delivers to the Master Trustee:

(i) (A) An Officer’s Certificate of the Obligated Group Representative certifying the forecasted Long-Term Debt Service Coverage Ratio for each of the two Fiscal Years following the date on which such proceeds or awards are forecasted to have been fully applied, which Long-Term Debt Service Coverage Ratio for each such period is not less than 1.10, as shown by pro forma financial statements for each such period, accompanied by a statement of the relevant assumptions including assumptions as to the use of such proceeds or awards, upon which such pro forma statements are based; and (B) if the amount of such proceeds or awards received with respect to any casualty loss or condemnation exceeds 30% of the Book Value of the Property, Plant and Equipment of the Obligated Group, a written report of a Consultant confirming such certification; or

(ii) A written report of a Consultant stating the Consultant’s recommendations, including recommendations as to the use of such proceeds or awards, to cause the Long-Term Debt Service Coverage Ratio for each of the periods described in subsection (i) of this section to be not less than 1.10, or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest practicable level.

If any proceeds of insurance or condemnation are received with respect to Property that was financed or refinanced with Related Bonds or Related Certificates the interest on which was excludable from the gross income of the recipient thereof, no application of such proceeds as otherwise permitted herein shall occur until there shall have been filed with the Master Trustee an opinion of Bond Counsel to the effect that such application of proceeds, in and of itself, will not adversely affect the federal income tax status of the interest of such Related Bonds or Related Certificates.

Each Member of the Obligated Group agrees that it will use such proceeds or awards, to the extent permitted by law, only in accordance with the assumptions described in subsection (i), or the recommendations described in subsection (ii), of this section.

Section 3.05. Limitations on Creation of Liens; Permitted Liens.

(a) Each Member of the Obligated Group agrees that it will not create or suffer to be created or permit the existence of any Lien on Property now owned or hereafter acquired by it other than Permitted Liens; provided, however, that so long as the 1996 Bonds remain outstanding, no liens may be created on Gross Revenues unless such lien (i) is allowed under subsection (b) hereof and (ii) would have been allowed as a “Permitted Encumbrance” under the 1991 Indenture.
(b) Permitted Liens shall consist, to the extent then permitted by law, of the following:

(i) Liens arising by reason of good faith deposits with any Member of the Combined Group in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member of the Combined Group to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(ii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member of the Combined Group to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers’ compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iii) Any judgment lien against any Member of the Combined Group so long as such judgment is being contested in good faith and execution thereon is stayed;

(iv) (A) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer, rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or unpaid or which, at the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days; (C) easements, rights-of-way, servitudes, restrictions on oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (D) to the extent that it affects title to any Property, this Master Trust Indenture; and (E) landlord’s liens.

(v) Any Lien which is existing on the date of authentication and delivery of the initial Obligation issued under this Master Trust Indenture provided that such Lien was permitted under the terms of the Original Indenture, on the day before this Master Trust Indenture became effective, no such Lien may be increased, extended, renewed or modified to apply to any Property of the Combined Group not subject to such Lien on such date or to secure Indebtedness not Outstanding as of the date hereof, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien hereunder;

(vi) Any Lien securing Non-Recourse Indebtedness permitted by Section 3.06(e) hereof;

(vii) Any Lien on Property acquired by a Member of the Combined Group if the indebtedness secured by the Lien is Additional Indebtedness permitted under the provisions of Section 3.06 hereof, and if an Officer’s Certificate is delivered to the Master Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a Person other than the Member of the Combined Group, and, (B) the Lien was not created for the purpose of enabling the Member of the Combined Group to avoid the limitations hereof on creation of Liens on Property of the Combined Group;

(viii) Any Lien on Property (other than Accounts) in an aggregate amount not exceeding 10% of the Book Value of all Property (other than accounts receivable);

(ix) Any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(x) Any Lien securing all Obligations on a parity basis;

(xi) Any Liens subordinate to the Lien described in clause (x) of this subsection required by a statute under which a Related Bond or Related Certificate is issued;

(xii) Liens on moneys deposited by patients or others with any Member of the Combined Group as security for or as prepayment for the cost of patient care;

(xiii) Liens on Property received by any Member of the Combined Group through gifts, grants or bequests, such Liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(xiv) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Combined Group;

(xv) Rights of the United States of America under Title 42 United States Code Section 291;

(xvi) Any Lien on Accounts and the proceeds thereof if such Lien is being contested in good faith and execution thereon is stayed;

(xvii) Liens on Property due to rights of third party payors for recoupment of amounts paid to any Member of the Combined Group as security for or as prepayment for the cost of patient care;

(xviii) Liens in favor of another Member of the Obligated Group; or

(xix) Liens created to secure capitated insurance contracts and risk-sharing arrangements with insurers, physician groups and other parties.

Section 3.06: Limitations on Indebtedness. Each Member of the Obligated Group covenants and agrees that it will not incur any Additional Indebtedness if, after giving effect to all other Indebtedness incurred by the Obligated Group, such Indebtedness could not be incurred
pursuant to one of subsections (a) to (i), inclusive, of this Section 3.06. Any Indebtedness may be incurred only in the manner and pursuant to the terms set forth in such subsections. Each Member of the Obligated Group further covenants and agrees that it will not incur any Additional Indebtedness without the written consent of the Obligated Group Representative, as evidenced by an Officer’s Certificate to be delivered to the Master Trustee prior to the incurrence of such Additional Indebtedness.

(a) Long-Term Indebtedness may be incurred if prior to incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee:

(i) An Officer’s Certificate of the Obligated Group Representative certifying that the Long-Term Debt Service Coverage Ratio for the most recent Fiscal Year preceding the date of delivery of the certificate of the Obligated Group Representative for which there are Audited Financial Statements available taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 1.20; or

(ii) An Officer’s Certificate of the Obligated Group Representative demonstrating that the forecasted Long-Term Debt Service Coverage Ratio is not less than 1.15 for (x) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years succeeding the date on which such capital improvements are forecasted to be in operation or (y) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the two full Fiscal Years succeeding the date on which the Indebtedness is incurred, as shown by pro forma financial statements for the Combined Group for each such period, accompanied by a statement of the relevant assumptions upon which such pro forma financial statements for the Combined Group are based; provided, however, that if a report of a Consultant states that Governmental Restrictions have been imposed which make it impossible for the coverage requirements of this subsection to be met, then such coverage requirements shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00.

(b) In addition to, and not in lieu of, Long-Term Indebtedness permitted to be incurred under subsection 3.06(a) above, Long-Term Indebtedness may be incurred provided that immediately after giving effect to any Long-Term Indebtedness incurred pursuant to this subsection 3.06(b) the aggregate of Long-Term Indebtedness incurred under this subsection 3.06(b) shall not exceed 15% of Total Revenues as reflected in the most recent Audited Financial Statements; provided, further, that the aggregate of the principal amount of Indebtedness Outstanding under this subsection 3.06(b), subsection 3.06(d) and subsection 3.06(i) shall not at any time exceed 25% of Total Revenues as reflected in the most recent Audited Financial Statements.

(c) Long-Term Indebtedness incurred for the purpose of refunding any Outstanding Long-Term Indebtedness if, prior to the incurrence of such Long-Term Indebtedness, (i) if the Long-Term Indebtedness to be incurred does not constitute Cross-over Refunding Indebtedness there is delivered to the Master Trustee (A) an Officer’s Certificate of the Obligated Group Representative demonstrating that Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof or such Long Term Indebtedness would meet the requirements of subsection 3.06(a) above and (B) an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding; or (ii) if the Indebtedness proposed to be issued is Cross-over Refunding Indebtedness, there is delivered to the Master Trustee a certificate of the Obligated Group Representative stating that the total Maximum Annual Debt Service on the proposed Cross-over Refunding Indebtedness and the Related Cross-over Refunded Indebtedness, immediately after the issuance of the proposed Cross-over Refunding Indebtedness, will not exceed the Maximum Annual Debt Service on the Cross-over Refunded Indebtedness alone, immediately prior to the issuance of the Cross-over Refunding Indebtedness, by more than 10%.

(d) (i) Short-Term Indebtedness may be incurred subject to the limitation that the aggregate of all Short-Term Indebtedness shall not at any time exceed 15% of Total Revenues as reflected in the Financial Statements of the Obligated Group for the most recent period of twelve consecutive months for which Audited Financial Statements are available; provided, that the aggregate of the principal amount of Indebtedness Outstanding under this subsection 3.06(d)(i) and subsection 3.06(b) shall not at any time exceed 25% of Total Revenues as reflected in the Audited Financial Statements of the Obligated Group for the most recent period of twelve consecutive months for which Audited Financial Statements are available. (ii) Short-Term Indebtedness may also be incurred if the tests set forth in Sections 3.06(a)(i) or 3.06(a)(ii) are met with respect to the incurrence of such Short-Term Indebtedness. For the purpose of calculating compliance with the tests set forth in Section 3.06(a)(i) or 3.06(a)(ii), the Short-Term Indebtedness to be incurred pursuant to this Section 3.06(d)(ii) shall be treated as Long-Term Indebtedness. For purposes of this Section 3.06(d) a Guaranty of Short-Term Indebtedness shall be valued at 20% of the aggregate principal amount of the Short-Term Indebtedness guaranteed so long as no payments are required to be made thereunder and so long as such Guaranty constitutes a contingent liability under generally accepted accounting principles; provided that in the event such Guaranty shall be drawn upon, such Guaranty shall be valued at 100% of the aggregate principal amount of the Short-Term Indebtedness guaranteed. For the purpose of calculating compliance with the tests set forth in this subsection 3.06(d), Short-Term Indebtedness shall not be taken into account except to the extent provided in subsection 3.06(i) hereof.

(e) Non-Recourse Indebtedness may be incurred without limit.

(f) Completion Indebtedness may be incurred without limitation; provided, however, that prior to the incurrence of Completion Indebtedness, the Obligated Group Representative shall furnish to the Master Trustee: a certificate of an architect estimating the costs of completing the facilities for which Completion Indebtedness is to be incurred; an Officer’s Certificate of the Chief Financial Officer of the Member of the Obligated Group for which Completion Indebtedness is to be incurred certifying that the amount of Completion Indebtedness to be incurred will be sufficient,
together with other funds, if applicable, to complete construction of the facilities in respect of which Completion Indebtedness is to be incurred; and a certificate from a Consultant to the effect that the Long-Term Indebtedness originally incurred to finance the costs of the construction of the facilities in respect of which Completion Indebtedness is to be incurred was estimated prior to the date of incurrence of the original Long-Term Indebtedness to be sufficient, together with other funds, if applicable, to complete the construction of such facilities, but due to certain factors enumerated in the certificate the costs of constructing such facilities exceeded the amount of the original Indebtedness plus other funds, if applicable.

(g) Subordinated Debt may be incurred without limit.

(h) Indebtedness under a Credit Facility (including a Guaranty of indebtedness under a Credit Facility) may be incurred without limit; provided, however, that the underlying debt secured by such Credit Facility satisfies any one of the requirements of this Section 3.06.

(i) Indebtedness secured by accounts receivable may be incurred if prior to the incurrence of such Indebtedness there is delivered to the Master Trustee an Officer’s Certificate of an Obligated Group Representative certifying that immediately after the incurrence of such Indebtedness, the amount of accounts receivable that have been pledged to secure Indebtedness that has been issued pursuant to this subsection (i) and is then Outstanding will not exceed the difference between (i) the Account Lien Amount and (ii) the amount of accounts receivable that have been and are then pledged pursuant to this section or have been sold pursuant to paragraph (b)(ii) of Section 3.08 in such Fiscal Year; provided, however, that (A) the determination of whether a disposition of accounts receivable is a sale or loan shall be made in accordance with generally accepted accounting principles and (B) at any time that the outstanding principal amount of such Indebtedness is greater than the fair market value of the accounts receivable pledged to secure such Indebtedness, the excess amount shall be treated as Short-Term Indebtedness for the purposes of the tests set forth in subsection 3.06(d) hereof.

Indebtedness incurred pursuant to any one of subsections (b), (d)(i) or (d)(ii) of this Section 3.06 may be reclassified as indebtedness incurred pursuant to any other of such subsections if the tests set forth in the subsection to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Indebtedness containing a “put” or “tender” provision pursuant to which the holder of such Indebtedness may require that such Indebtedness be purchased prior to its maturity shall not be considered Balloon Long-Term Indebtedness, solely by reason of such “put” or “tender” provision, and the put or tender provision shall not be taken into account in testing compliance with any debt incurrence test pursuant to this Section 3.06.

Section 3.07 Long-Term Debt Service Coverage Ratio; Rate Covenant

(a) Each Member of the Obligated Group covenants to set rates and charges for its facilities, services and products such that Net Income Available for Debt Service in each Fiscal Year shall be at least equal to the sum of (i) 110% of the Maximum Annual Debt Service plus (ii) the principal and interest accruing for such Fiscal Year on all other Indebtedness payable from Gross Revenues; provided, however, that in any case where Long-Term Indebtedness has been incurred to acquire or construct capital improvements, the Long-Term Debt Service Requirement with respect thereto shall not be taken into account in making the foregoing calculation until the first Fiscal Year commencing after the occupation or utilization of such capital improvements unless the Long-Term Debt Service Requirement with respect thereto is required to be paid from sources other than the proceeds of such Long-Term Indebtedness prior to such Fiscal Year.

(b) If at any time the amount of Net Income Available for Debt Service in each Fiscal Year, as required by clause (a) hereof, as derived from the most recent Audited Financial Statements for the most recent Fiscal Year, is not met the District covenants to retain a Consultant within 30 days to make recommendations to increase such amount of Net Income Available for Debt Service in the following Fiscal Year to the level required or, if in the opinion of the Consultant the attainment of such level is impracticable, to the highest level attainable. Any Consultant so retained shall be required to submit such recommendations within 45 days after being so retained. Each Member of the Obligated Group agrees that it will, to the extent permitted by law, follow the recommendations of the Consultant. So long as a Consultant shall be retained and each Member of the Obligated Group shall follow such Consultant’s recommendations to the extent permitted by law, this Section shall be deemed to have been complied with even if the amount of Net Income Available for Debt Service for the following Fiscal Year is below the required level; provided, however, that the revenues and unrestricted cash and investments on hand of the Obligated Group shall not be less than the amount required to pay when due the total operating expenses of the Obligated Group and to pay when due the debt service on all Indebtedness of the Obligated Group for such Fiscal Year and further provided, however, that the Obligated Group shall not be required to retain a Consultant to make recommendations pursuant to this Subsection (b) more frequently than biennially.

(c) If a report of a Consultant is delivered to the Master Trustee, which report shall state that Governmental Restrictions have been imposed which make it impossible for the coverage requirement in clause (a) hereof to be met, then such coverage requirement shall be reduced to the maximum coverage permitted by such Governmental Restrictions but in no event less than 1.00 and thereafter, for so long as such Governmental Restrictions are in effect, a report of a Consultant stating that Governmental Restrictions which make it impossible for the coverage requirement in clause (a) hereof to be met are still in effect shall be delivered to the Master Trustee biennially.

Section 3.08 Sale, Lease or Other Disposition of Operating Assets; Disposition of Cash and Investments; Sale of Accounts

(a) Each Member of the Obligated Group agrees that it will not transfer Operating Assets in any Fiscal Year (or other 12-month period for which Financial Statements are available) except for Transfers of Property:

(i) To any Person that the Obligated Group has ceased to operate pursuant to Section 3.02(b) of this Master Trust Indenture.

(ii) To any Person if prior to the sale, lease or other disposition there is delivered to the Master Trustee an Officer's Certificate of the Obligated Group stating that such Property has or will within the next 24 months become inadequate, obsolete, worn out, unsuitable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property, provided, however, that an Officer’s Certificate of the

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Obligated Group Representative shall not be required to be delivered to the Master Trustee with respect to the Transfer of any such Property in any one Fiscal Year having an aggregate Book Value of less than five percent (5%) of the unrestricted fund balance of the Obligated Group for the most recent period of twelve (12) full consecutive calendar months for which Audited Financial Statements are available.

(iii) To another Member of the Obligated Group without limit.

(iv) To any Person provided there shall be delivered to the Master Trustee prior to such Transfer an Officer’s Certificate certifying the Long-Term Debt Service Coverage Ratio, assuming the disposition of such Operating Assets occurred at the beginning of such period, for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the Officer’s Certificate for which the Financial Statements have been reported upon by independent certified public accountants and such Long-Term Debt Service Coverage Ratio is not less than 1.10 and not less than eighty percent (80%) of what it would have been were such Transfer not to take place; or

(v) To any Person provided that the Member of the Obligated Group proposing to make such Transfer shall receive, as consideration for such Transfer, cash, services or Property, the value of such consideration to be determined by the management of the Member of the Obligated Group making such Transfer. Each Member of the Obligated Group covenants to maintain records adequate to enable the Master Trustee to ascertain that the provisions of this paragraph (v) have been complied with and to make such records available to the Master Trustee upon written request.

(vi) To any Person if the aggregate Book Value of the Operating Assets Transferred pursuant to this Subsection (vi) in the current Fiscal Year does not exceed 10% of the Book Value of all Property of the Obligated Group as shown in the Financial Statements for the most recent Fiscal Year.

(vii) To any Person any Operating Assets restricted by donor to a particular use.

(b) Any Member of the Obligated Group will have the right to sell, pledge, assign or otherwise dispose of its accounts receivable,

(i) without limitation if such sale, pledge, assignment, or other disposition is without recourse or such accounts are obligations of private persons and management of the Member of the Obligated Group selling such accounts receivable determines that such accounts receivable are unlikely to be collected utilizing normal collection procedures and at reasonable cost,

(ii) in an amount not to exceed the difference between (x) the Account Lien Amount and (y) the amount of accounts receivable that have been pledged to secure outstanding Indebtedness incurred by any Member of the Obligated Group pursuant to Section 3.06(e) hereof or sold pursuant to this subparagraph (ii) in the same Fiscal Year, if such sale, pledge, assignment or other disposition is with recourse, and,

in each case, if such Member of the Obligated Group shall receive as consideration for such sale, pledge, assignment or other disposition cash, services or Property equal to the fair market value of the accounts receivable so sold, such fair market value to be determined by management of the Member of the Obligated Group making such Transfer.

Each Member of the Obligated Group covenants to maintain records adequate to enable the Master Trustee to ascertain that the provisions of this subsection (b)(ii) have been complied with and to make such records available to the Master Trustee upon written request.

(c) In addition to other Transfers permitted hereunder, any Member of the Obligated Group may Transfer cash or cash equivalents to

(i) another Member of the Obligated Group without limit,

(ii) any Person, if prior to such Transfer, an Officer’s Certificate is delivered to the Master Trustee stating that either (a)(1) such Transfer will be a loan evidenced in writing, (2) such loan is for a reasonable term and bears a reasonable interest rate, and (3) such loan is reasonably expected to be repaid in accordance with its terms or (b) taking such Transfer into account as if such Transfer had occurred at the beginning of the most recent period of twelve (12) full consecutive months for which the Financial Statements have been reported upon by an independent certified public accountant, the Long-Term Debt Service Coverage Ratio for such period would not be less than 1.10, or

(iii) that the Member of the Obligated Group shall receive as consideration for such Transfer services or Property the fair market value of which is at least equal to the amount of the cash or cash equivalents so transferred such fair market value to be determined by management of the Member of the Obligated Group making such transfer, equal to the fair market value of the asset so transferred such fair market value to be determined by the management of the Member of the Obligated Group making such Transfer.

Section 3.09. Consolidation, Merger, Sale or Conveyance. (a) Each Member of the Obligated Group covenants that it will not merge or consolidate with, or sell or convey all or substantially all of its assets to any Person that is not a Member of the Obligated Group unless:

(i) Either a Member of the Obligated Group will be the successor entity, or if the successor entity is not a Member of the Obligated Group, such successor entity shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee, containing the agreement of such successor entity to assume the due and punctual payment of the principal of, premium, if any, and interest on all Outstanding Obligations issued under this Master Trust Indenture according to their tenor and the due and punctual performance and observance of all the covenants and conditions of this Master Trust Indenture and any Supplement hereto; and

(ii) There is delivered to the Master Trustee an Officer’s Certificate of the Obligated Group Representative indicating that no Member of the Obligated Group immediately after such merger or consolidation, or such sale or conveyance, would be in
default in the performance or observance of any covenant or condition of this Master Trust Indenture; and

(iii) If all amounts due or to become due on any Related Bond or Related Certificate which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been fully paid to the holder thereof, there shall have been delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Related Bond or Related Certificate, would not adversely affect the exclusion of interest payable on such Related Bond or Related Certificate from the gross income of the holder thereof for purposes of federal income taxation; and

(iv) There is delivered to the Master Trustee an Officer’s Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test.

(b) In case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor entity, such successor entity shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as such predecessor or had become a Member of the Obligated Group pursuant to Section 3.11 hereof, as the case may be. Such successor entity thereupon may cause to be signed, and may issue in its own name Obligations issuable hereunder; and upon the order of such successor entity and subject to all the terms, conditions and limitations in this Master Trust Indenture prescribed, the Master Trustee shall authenticate and shall deliver Obligations that such successor entity shall have caused to be signed and delivered to the Master Trustee. All Outstanding Obligations so issued by such successor entity hereunder shall in all respects have the same security position and benefit under this Master Trust Indenture as Outstanding Obligations theretofore or thereafter issued in accordance with the terms of this Master Trust Indenture as though all of such Obligations had been issued hereunder without any such consolidation, merger, sale or conveyance having occurred.

(c) In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in Obligations thereafter to be issued under this Master Trust Indenture as may be appropriate.

(d) The Master Trustee may accept an Opinion of Counsel (not an employee of a Member of the Obligated Group or an Affiliate in this case) as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption, complies with the provisions of this Section and that it is proper for the Master Trustee under the provisions of Article VI and of this Section to join in the execution of any instrument required to be executed and delivered by this Section.

Section 3.10. Filing of Financial Statements, Certificate of No Default, Other Information. The Obligated Group covenants that it will:

(a) Within 30 days after receipt of the audit report mentioned below but in no event later than one hundred twenty (120) days after the end of each fiscal reporting period for which the

Audited Financial Statements are reported upon by independent certified public accountants, file with the Master Trustee, with each Holder who may have so requested in writing or on whose behalf the Master Trustee may have so requested and with each Nationally Recognized Municipal Securities Information Repository (as defined in Rule 15c2-12 under the Securities Exchange Act of 1934, as amended), a copy of the Audited Financial Statements as of the end of such fiscal reporting period accompanied by the opinion of independent certified public accountants. Such Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles and shall include such statements necessary for a fair presentation of unrestricted fund financial position, results of operations and changes in unrestricted fund balance and financial position as of the end of such fiscal reporting period.

(b) Within 30 days after receipt of the audit report mentioned above but in no event later than one hundred twenty (120) days after the end of each fiscal reporting period, file with the Master Trustee, with each Holder who may have so requested or in whose behalf the Master Trustee may have so requested and with each such Nationally Recognized Municipal Securities Information Repository, an Officer’s Certificate and a report of independent certified public accountants stating the Long-Term Debt Service Coverage Ratio for such fiscal reporting period and stating whether, to the best knowledge of the signers, any Member of the Obligated Group is in default in the performance of any covenant contained in this Master Trust Indenture and, if so, specifying each such default of which the signers may have knowledge.

(c) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning its operations and financial affairs (or of any consolidated or combined group of companies, including its consolidated or combined Affiliates, including any Member of the Obligated Group) as the Master Trustee may from time to time reasonably request, excluding specifically donor records, patient records and personnel records and (ii) provide access to its facilities for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request.

(d) Within 30 days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of this Master Trust Indenture requires to be prepared by a Consultant.

Section 3.11. Parties Becoming Members of the Obligated Group. Persons which are not Members of the Obligated Group and Persons which are successor entities to any Member of the Obligated Group through a merger or consolidation permitted by Section 3.09 hereof may, with the prior written consent of the Obligated Group Representative, become Members of the Obligated Group, if:

(a) The Person or successor entity which is becoming a Member of the Obligated Group shall execute and deliver to the Master Trustee an appropriate instrument, satisfactory to the Master Trustee containing the agreement of such Person or successor entity (i) to become a Member of the Obligated Group under this Master Trust Indenture and any Supplements and thereby become subject to compliance with all provisions of this Master Trust Indenture and any Supplements pertaining to a Member of the Obligated Group, and the performance and observance of all covenants and obligations of a Member of the Obligated Group hereunder, and (ii) unconditionally and irrevocably guarantee to the Master Trustee and each other Member of the
Obligated Group that all Obligations issued and then Outstanding or to be issued and Outstanding hereunder will be paid in accordance with the terms thereof and of this Master Trust Indenture when due.

(b) Each instrument executed and delivered to the Master Trustee in accordance with subsection (a) of this Section, shall be accompanied by an Opinion of Counsel, addressed to and satisfactory to the Master Trustee, to the effect that such instrument has been duly authorized, executed and delivered by such Person or successor entity and constitutes a valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy laws, insolvency laws, other laws affecting creditors’ rights generally, equity principles and laws dealing with fraudulent conveyances.

(c) There shall be filed with the Master Trustee an Officer’s Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test.

(d) If all amounts due or to become due on any Related Bond or Related Certificate which bears interest which is not includable in the gross income of the recipient thereof under the Code have not been paid to the Holders thereof, there shall be filed with the Master Trustee, (i) an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not adversely affect the exclusion of the interest on any such Related Bond or Related Certificate from the gross income of the holder thereof for purposes of federal income taxation and (ii) an Opinion of Counsel, in form and substance satisfactory to the Master Trustee, to the effect that the consummation of such transaction would not require the registration of the Obligations under the Securities Act of 1933, as amended or the Supplements under the Trust Indenture Act of 1939, as amended, or if such registration is required, that all applicable registration and qualification provisions of said acts have been complied with.

(e) There shall be delivered to the Master Trustee an Officer’s Certificate certifying that the admission of such Person as a Member of the Obligated Group will not give rise to an Event of Default under this Master Trust Indenture.

Section 3.12. Withdrawal from the Obligated Group. (a) No Member of the Obligated Group may withdraw from the Obligated Group without the prior written consent of the Obligated Group Representative and unless, prior to the taking of such action, there is delivered to the Master Trustee:

(i) If all amounts due on any Related Bonds or Related Certificates which bear interest which is not includable in the gross income of the recipient thereof under the Code have not been paid to the holders thereof, there shall be delivered to the Master Trustee an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law such Member’s withdrawal from the Obligated Group, whether or not contemplated on any date of delivery of any Related Bond or Related Certificate, would not cause the interest payable on such Related Bond or Related Certificate to become includable in the gross income of the recipient thereof under the Code; and

(ii) An Officer’s Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test.

Notwithstanding anything contained herein to the contrary, the District shall not be permitted to withdraw from the Obligated Group.

(b) Upon the withdrawal of any Member from the Obligated Group pursuant to subsection (a) of this Section, any guaranty by such Member pursuant to Section 3.11 hereof shall be released and discharged in full and all liability of such Member of the Obligated Group with respect to all Obligations or Related Certificate Outstanding under this Master Trust Indenture shall cease.

Section 3.13. Covenants of the Combined Group. (a) The Members of the Obligated Group agree that they will cause each Restricted Affiliate to comply with all of the covenants and perform all of the obligations set forth in Sections 3.09 through 3.15 hereof as if such Restricted Affiliate were a Member of the Obligated Group either directly if the Member of the Obligated Group controls the Restricted Affiliate or by diligently enforcing the Controlling Affiliate Agreement if a Controlling Affiliate controls the Restricted Affiliate.

(b) The Obligated Group agrees to cause the Restricted Affiliates that are controlled by one or more Members of the Obligated Group to transfer funds or other assets to the Member of the Obligated Group that is its sole member, beneficiary or controlling person to the extent permitted by law and by the documents governing the Restricted Affiliate Indebtedness for the purpose of allowing the Obligated Group to satisfy its debt service requirements applicable to all Obligations.

(c) Each Member of the Obligated Group agrees that it will diligently enforce the provisions of each Controlling Affiliate Agreement to cause each Controlling Affiliate to cause the Restricted Affiliate controlled by it to transfer funds or other assets to the Obligated Group to the extent permitted by law and by the documents governing the Restricted Affiliate Indebtedness for the purpose of allowing the Obligated Group to satisfy its debt service requirements applicable to all Obligations.

Anything in this Section 3.13 to the contrary notwithstanding, any Restricted Affiliate Undertaking may contain provisions that (i) require that each Member of the Obligated Group expend its funds in excess of a reasonable operating reserve (not to exceed 60 days of operating expenses) to satisfy the debt service requirements of Obligations as a precondition to the Restricted Affiliate transferring its funds in excess of a reasonable operating reserve (not to exceed 60 days of operating expenses) to the Obligated Group for payment of debt service on Obligations; and (ii) require each Member of the Obligated Group to expend all of its funds for such payments as a precondition to the Restricted Affiliate transferring all of its funds to the Obligated Group for such payments; and (iii) treat any funds transferred by the Restricted Affiliate to the Obligated Group as an advance or loan to the Obligated Group by the Restricted Affiliate.

Section 3.14. Conditions for Designation of Restricted Affiliates. Any Affiliate that has satisfied the definition of “Restricted Affiliate” may become a Restricted Affiliate upon delivery to the Master Trustee of the following documents.
(a) An Officer’s Certificate from the Obligated Group Representative to the effect that the Obligated Group Representative consents to such Person becoming a Restricted Affiliate;

(b) A written undertaking for the benefit of the Master Trustee duly authorized and executed by such Affiliate evidencing the agreement of such Affiliate to observe and perform the obligations that the Obligated Group has covenanted to cause Restricted Affiliates to observe and perform hereunder (a “Restricted Affiliate Undertaking”);

(c) Evidence of appropriate action of the Governing Body of such Affiliate authorizing such undertaking;

(d) If the Restricted Affiliate is controlled by a Controlling Affiliate and not by a Member of the Obligated Group, a copy of an agreement between the Obligated Group Representative and such Controlling Affiliate in which the Controlling Affiliate agrees to exercise all powers and authority it may have over the Restricted Affiliate to cause the Restricted Affiliate to comply with the provisions of Section 3.13 of this Indenture (a “Controlling Affiliate Agreement”).

(e) An Opinion of Counsel to the effect that the conditions contained in this Master Trust Indenture relating to designation of a Restricted Affiliate have been satisfied and an opinion of Counsel to the effect that (i) the Restricted Affiliate Undertaking and the Controlling Affiliate Agreement (if applicable) have been duly authorized, executed and delivered by such Restricted Affiliate and the Controlling Affiliate, as the case may be, and constitute the legal, valid and binding agreement of the Restricted Affiliate and the Controlling Affiliate, as the case may be, respectively, enforceable in accordance with their terms and (ii) the transfer of funds or assets by Restricted Affiliates to the Members of the Obligated Group, or Controlling Affiliate, as the case may be, in the form of loans, advances, grants, gifts or other transfers as contemplated by Section 3.13(b) is permissible under the applicable laws of Florida or such other state law as may be applicable with respect to such Restricted Affiliate; provided that such opinion may be qualified by stating that the validity and enforceability of such agreement and the validity of such transfers of funds may be limited by applicable bankruptcy, insolvency and other laws affecting the enforcement of creditors’ rights generally, and by stating other customary legal exceptions.

Section 3.15 Release of Restricted Affiliates. A Restricted Affiliate shall be released from its obligations and status as a Restricted Affiliate only upon compliance with the following conditions:

(a) The Master Trustee shall have received (i) an Officer’s Certificate from the Obligated Group Representative consenting to the release of such Person from its status as a Restricted Affiliate and (ii) an Officer’s Certificate of the Obligated Group Representative demonstrating compliance with the Transaction Test.

(b) The Master Trustee receives an Officer’s Certificate of the Person requesting such release stating that all conditions precedent provided for under this Master Trust Indenture relating to the release of such Person as a Restricted Affiliate have been complied with and that, were such Person released as a Restricted Affiliate on the date of such Officer’s Certificate, no Event of Default would then exist hereunder, nor to such officer’s knowledge, would there then exist any event which with the passage of time or giving of notice, or both, would or might become an Event of Default.

Upon compliance with the conditions contained in subsections (a) and (b), the Master Trustee shall execute any documents reasonably requested by the released Person to evidence the termination of such Person’s status as a Restricted Affiliate hereunder.

Section 3.16 Limited Obligors. (a) Any Person shall become a Limited Obligor upon delivery to the Master Trustee of the following:

(1) An Officer’s Certificate from the Obligated Group Representative to the effect that the Obligated Group Representative consents to such Person becoming a Limited Obligor;

(2) An opinion of Counsel to the effect that a Pledged Note (i) has been duly authorized, executed and delivered by the Limited Obligor and (ii) constitutes the legal, valid and binding obligation of the Limited Obligor, enforceable in accordance with its terms, subject only to and limited by the then existing law relating to bankruptcy and insolvency and other customary and standard legal exceptions, and an opinion of Counsel to the applicable Member of the Obligated Group to the effect that the Pledged Note has been validly assigned by the applicable Member of the Obligated Group to the Master Trustee; and

(3) The duly executed Pledged Note made by such Person.

(b) Any Person shall be released from its obligations and status as a Limited Obligor only upon the condition that the Master Trustee shall have received an Officer’s Certificate from the Obligated Group Representative certifying that (i) the related Guaranty has been paid or terminated, and (ii) immediately after the release of such Person, no Event of Default will then exist hereunder, nor to such officer’s knowledge, would there then exist any Event which, with the passage of time or the giving of notice or both, would or might become an Event of Default.

(c) Upon compliance with the conditions contained in subsection (b) above, the Master Trustee shall surrender the Pledged Note to the released Person, duly marked “cancelled” and shall execute such other documents reasonably requested by such Person to evidence the termination of such Person’s status as a Limited Obligor.

[End of Article III]
ARTICLE IV
DEFAULT AND REMEDIES

Section 4.01  Events of Default
Event of Default, as used herein, shall mean any of the following events:

(a) The Members of the Obligated Group shall fail to make any payment of the principal of, the premium, if any, or interest on any Obligations issued and Outstanding hereunder when and as the same shall become due and payable, whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms thereof, of this Master Trust Indenture or of any Supplement;

(b) Any Member of the Combined Group shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Master Trust Indenture for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Members of the Obligated Group by the Master Trustee, or to the Members of the Obligated Group and the Master Trustee by the Holders of at least 25% in aggregate principal amount of Obligations then Outstanding; provided, however, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected;

(c) An event of default shall occur under a Related Bond Indenture or a Related Loan Agreement, or upon a Related Bond or upon a Related Certificate;

(d) (i) Any Member of the Combined Group shall fail to make any required payment with respect to any Indebtedness (other than Obligations, Subordinated Indebtedness or Non-Recourse Indebtedness issued and Outstanding hereunder), which Indebtedness is in an aggregate principal amount greater than one percent (1%) of Total Operating Revenues for the most recent Fiscal Year whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto shall have expired, or (ii) there shall occur an event of default as defined in any mortgage, indenture or instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, which Indebtedness is in an aggregate principal amount greater than one percent (1%) of Total Operating Revenues for the most recent Fiscal Year whether such Indebtedness now exists or shall hereafter be created, which event of default shall not have been waived by the holder of such mortgage, indenture or instrument, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if within 30 days (i) written notice is delivered to the Master Trustee, signed by the Obligated Group Representative, that such Member of the Combined Group is contesting the payment of such Indebtedness and within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, any Member of the Combined Group in good faith shall commence proceedings to contest the obligation to pay such Indebtedness and if a judgment relating to such Indebtedness has been entered against such Member of the Combined Group (A) the execution of such judgment has been stayed or (B) sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness;

(e) The entry of a decree or order by a court having jurisdiction in the premises for an order for relief against any Member of the Combined Group, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of such Member under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, custodian, assignee, or sequestrator (or other similar official) of such Member or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; and

(f) The institution by any Member of the Combined Group of proceedings for an order for relief, or the consent by it to an order for relief against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement, adjustment, composition or relief under the United States Bankruptcy Code or any other similar applicable federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, custodian, assignee, trustee or sequestrator (or other similar official) of such Member of the Combined Group or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due.

Section 4.02  Acceleration; Annulment of Acceleration
(a) Upon the occurrence and during the continuation of an Event of Default hereunder, the Master Trustee may and, upon the written request of (i) (A) with respect to an Event of Default described under Section 4.01(a), 4.01(d), 4.01(e), 4.01(f) or a payment default under 4.01(c) hereof, the Holders of not less than 25% in aggregate principal amount of Obligations Outstanding and (B) with respect to any other Event of Default hereunder, the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding, or (ii) any Person exercising the right given to such Person under any Supplement to require acceleration of the Obligations issued pursuant to such Supplement, the Master Trustee shall, by notice to the Members of the Obligated Group declare all Obligations Outstanding immediately due and payable, whereupon such Obligations shall become and be accelerated; provided, however, that such default shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected;

(b) At any time after the principal of the Obligations shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, if (i) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other
than the principal then due only because of such declaration) of all Obligations Outstanding; (ii) the Obligated Group has paid or caused to be paid or deposited with the Master Trustee money sufficient to pay the charges, compensation, expenses, disbursements, advances, fees and liabilities of the Master Trustee; (iii) all other amounts then payable by the Obligated Group hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than a default in the payment of the principal of such Obligations then due only because of such declaration) shall have been remedied or waived pursuant to Section 4.09 hereof, then the Master Trustee may, and upon the written request of Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding or any Person exercising the right given to such Person in any Supplement, shall, annul such declaration and its consequences with respect to any Obligations or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 4.03. Additional Remedies and Enforcement of Remedies. (a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the Obligations Outstanding, together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Holders hereunder by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect and enforce the payment of amounts due or becoming due under the Obligations;

(ii) Suit upon all or any part of the Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Obligations to account as if it were the trustee of an express trust for the Holders;

(iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders;

(v) Enforcement of rights as a secured party under the Uniform Commercial Code of the State of Florida, if applicable; and

(vi) Enforcement of any other right of the Holders conferred by law or hereby.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the Obligations then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law

or the provisions hereof and, in the sole judgment of the Master Trustee, are not unduly prejudicial to the interest of the Holders not making such request.

Section 4.04. Application of Moneys after Default. During the continuance of an Event of Default, subject to the expenditure of moneys to make any payments required to permit any Member of the Obligated Group to comply with any requirement or covenant in any Related Bond Indenture or Related Loan Agreement to cause Related Bonds or Related Certificates, as applicable, the interest on which, immediately prior to such Event of Default, is excludable from the gross income of the recipients thereof for federal income tax purposes under the Code to retain such status under the Code, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions of this Article shall be applied, after the payment of any compensation, expenses, disbursements and advances then owing to the Master Trustee pursuant to Section 5.05 hereof, as follows:

(a) Unless the principal of all Outstanding Obligations shall have become or have been declared due and payable, whether by acceleration or otherwise:

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

Second: To the payment to the Persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether by acceleration or at maturity (other than Obligations called for redemption, the payment of which are held

Third: To the payment of the interest on and the principal of all the Obligations, to

(b) If the principal of all Outstanding Obligations shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Obligations shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the
provisions of this Article or the respective Supplement, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Outstanding Obligations shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amounts of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Master Trustee shall apply such moneys, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Obligation until such Obligation shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Obligations and interest thereon have been paid under the provisions of this Section and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Members of the Obligated Group, their respective successors, or as a court of competent jurisdiction may direct.

Section 4.05 Remedies Not Exclusive. No remedy by the terms hereof conferred upon or reserved to the Master Trustee or 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 every other remedy given hereunder or existing at law or in equity or by statute on or after the date hereof.

Section 4.06 Remedies Vested in the Master Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Obligations may be enforced by the Master Trustee without the possession of any of the Obligations or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any Holders. Subject to the provisions of Section 4.04 hereof, any recovery or judgment shall be for the equal benefit of the Holders.

Section 4.07 Holders’ Control of Proceedings; Conflicting Directions. If an Event of Default shall have occurred and be continuing, notwithstanding anything herein to the contrary, the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding or action to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings hereunder, provided that such direction is not in conflict with any applicable law or the provisions hereof, and is not unduly prejudicial to the interest of any Holders not joining in such direction, and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, and, in the sole judgment of the Master Trustee, and provided further that nothing in this Section shall impair the right of the Master Trustee in its discretion to take any other action hereunder which it may deem proper and which is not inconsistent with such direction by the Holders.

With respect to actions which may be taken by Holders of less than a majority in aggregate principal amount of Obligations pursuant to the provisions of this Master Trust Indenture; if the Master Trustee receives conflicting directions, then the directions of the Holders of the greater percentage of aggregate principal amount of Obligations shall control; provided, however, such applicable percentage required for direction has been obtained and further subject to the exceptions described in the immediately preceding paragraph.

Section 4.08 Termination of Proceedings. In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Holders, then the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Master Trustee and the Holders shall continue as if no such proceeding had been taken.

Section 4.09 Waiver of Event of Default. (a) No delay or omission of the Master Trustee or of any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article to the Master Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy hereunder.

(c) Notwithstanding anything contained herein to the contrary, the Master Trustee, upon the written request of the Holders of not less than a majority of the aggregate principal amount of Obligations then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 4.02 hereof, a default in the payment of the principal of, premium, if any, or interest on any Obligation, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Obligations (with respect to which such payment default exists) at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default hereunder, the Members of the Obligated Group, the Master Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 4.10 Appointment of Receiver. Upon the occurrence of any Event of Default unless the same shall have been waived as herein provided, the Master Trustee shall be entitled as
a matter of right if it shall so elect, (i) forthwith and without declaring the Obligations to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Holders, to the appointment of a receiver or receivers of any or all of the Property of the Obligated Group with such powers as the court making such appointment shall confer. Each Member of the Obligated Group, respectively, hereby consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and Gross Revenues, profits and proceeds therefrom, with like effect as the Member of the Obligated Group could do so, and to borrow money and issue evidences of indebtedness as such receiver.

Section 4.11. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this instrument or the provisions hereof invalid or unenforceable under the provisions of any applicable law.

Section 4.12. Notice of Default. The Master Trustee shall, within 10 days after it has actual knowledge of the occurrence of an Event of Default, mail, by first class mail, to all Holders as the names and addresses of such Holders appear upon the books of the Master Trustee, notice of such Event of Default known to the Master Trustee, unless such Event of Default shall have been cured before the giving of such notice; provided that, except in the case of default in the payment of the principal of or premium, if any, or interest on any of the Obligations and the Events of Default specified in subsections (e) and (f) of Section 4.01, the Master Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or any responsible officer of the Master Trustee in good faith determines that the withholding of such notice is in the interests of the Holders.

[End of Article IV]
(iv) no provision of this Master Trust Indenture shall require the Master Trustee to expend or risk its own funds or otherwise incur any financial or other liability, directly or indirectly, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Master Trust Indenture relating to the conduct or affecting the liability of or affording protection to the Master Trustee shall be subject to the provisions of this Section.

Section 5.02 Certain Rights of Master Trustee. Except as otherwise provided in Section 5.01:

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

(b) Any request, direction or statement of any Member of the Obligated Group mentioned herein shall be sufficiently evidenced by an Officer’s Certificate and any action of the Governing Body may be sufficiently evidenced by a copy of a resolution certified by the secretary or an assistant secretary of the Member of the Obligated Group to have been duly adopted by the Governing Body and to be in full force and effect on the date of such certification and delivered to the Master Trustee.

(c) Whenever in the administration of this Master Trust Indenture the Master Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer’s Certificate.

(d) The Master Trustee may consult with counsel or an independent auditor and the written advice of such counsel or independent auditor or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(e) The Master Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Master Trust Indenture whether on its own motion or at the request or direction of any of the Holders pursuant to this Master Trust Indenture which shall be in the opinion of the Master Trustee likely to involve expense or liability not otherwise provided for herein, unless one or more Holders or such Holders making such request shall have offered and furnished to the Master Trustee reasonable security or indemnity satisfactory to the Master Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction or otherwise in connection herewith.

(f) The Master Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Master Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Master Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of any Member of the Obligated Group, personally or by agent or attorney.

(g) The Master Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Master Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 5.03 Right to Deal in Obligations and Related Bonds or Related Certificates and With Members of the Combined Group. The Master Trustee may in good faith buy, sell or hold and deal in any Obligations and Related Bonds or Related Certificates with like effect as if it were not such Master Trustee and may commence or join in any action which a Holder or holder of a Related Bond or Related Certificate is entitled to take and may otherwise deal with Members of the Combined Group with like effect as if the Master Trustee were not the Master Trustee; provided, however, that if the Master Trustee has or shall acquire any conflicting interest, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign as Master Trustee.

Section 5.04 Removal and Resignation of the Master Trustee. The Master Trustee may resign on its motion or may be removed at any time by an instrument or instruments in writing signed by the Holders of not less than a majority of the principal amount of Obligations then Outstanding or, if no Event of Default shall have occurred and be continuing, by an instrument in writing signed by the Obligated Group Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee (or temporary successor trustee as provided below) has been appointed and has assumed the trusts created hereby. Written notice of such resignation or removal shall be given to the Members of the Obligated Group and to each Holder by first class mail at the address then reflected on the books of the Master Trustee and such resignation or removal shall take effect upon the appointment and qualification of a successor Master Trustee. A successor Master Trustee may be appointed by the Obligated Group Representative or, if no such appointment is made by the Obligated Group Representative within thirty (30) days of the date notice of resignation or removal is given, the Holders of not less than a majority in aggregate principal amount of Obligations Outstanding. In the event a successor Master Trustee has not been appointed and qualified within sixty (60) days of the date notice of resignation is given, the Master Trustee, any Member of the Obligated Group or any Holder may apply to any court of competent jurisdiction for the appointment of a temporary successor Master Trustee to act until such time as a successor is appointed as above provided.

Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Master Trustee shall be a trust company or bank having the powers of a trust company as to trusts, qualified to do and doing trust business in one or more states of the United States of America and having an officially reported combined capital, surplus,
undivided profits and reserves aggregating at least $50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Every successor Master Trustee howsoever appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to each Member of the Obligated Group an instrument in writing, accepting such appointment hereunder, and thereupon such successor Master Trustee, without further action, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, and such predecessor Master Trustee shall execute and deliver an instrument transferring to such successor Master Trustee all the rights, powers and trusts of such predecessor. The predecessor Master Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Master Trustee. The predecessor Master Trustee shall promptly deliver all material records relating to the trust or copies thereof and, on request, communicate all material information it may have obtained concerning the trust to the successor Master Trustee.

Each successor Master Trustee, not later than ten (10) days after its assumption of the duties hereunder, shall mail a notice of such assumption to each registered Holder.

Section 5.05. Compensation and Reimbursement. Each Member of the Obligated Group, respectively, agrees:

(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall be agreed to in writing between the Obligated Group Representative and the Master Trustee, but shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided herein, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee, including fees on collection and enforcement, in accordance with any provision of this Master Trust Indenture (including the reasonable compensation and the expenses and disbursements of counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or willful misconduct.

(c) To indemnify the Master Trustee for, and to hold it harmless against, any loss, liability, cost or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust or its duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the Members of the Obligated Group under this Section, the Master Trustee shall have a lien prior to any Obligations upon all property and funds held or collected by the Master Trustee as such, except funds held in trust for the payment of principal of or interest or premiums on Obligations that have been called for redemption or Defeased Obligations.

Section 5.06. Recitals and Representations. The recitals, statements and representations contained herein, or in any Obligation (excluding the Master Trustee’s authentication on the Obligations) shall be taken and construed as made by and on the part of the Members of the Obligated Group, respectively, and not by the Master Trustee, and the Master Trustee neither assumes nor shall be under any responsibility for the correctness of the same.

The Master Trustee makes no representation as to, and is not responsible for, the validity or sufficiency hereof, of the Obligations, or the validity or sufficiency of insurance to be provided. The Master Trustee shall be deemed not to have made representations as to the security afforded hereby or hereunder or as to the validity or sufficiency of such document. The Master Trustee shall not be concerned with or accountable to anyone for the use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof. The Master Trustee shall have no duty of inquiry with respect to any default or Events of Default described herein without actual knowledge of or receipt by the Master Trustee of written notice of a default or an Event of Default from a Member of the Obligated Group or any Holder.

Section 5.07. Separate or Co-Master Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Master Trustee shall have power to appoint, and, upon the request of the Holders of at least 25% in aggregate principal amount of Obligations Outstanding, shall appoint, one or more Persons approved by the Master Trustee either to act as co-trustee or co-trustees, jointly with the Master Trustee, or to act as separate trustee or separate trustees, and to vest in such person or persons, in such capacity, such rights, powers, duties, trusts or obligations as the Master Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Obligations shall be authenticated and delivered solely by the Master Trustee.

(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 Master Trustee, or any 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 Master 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 Master Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

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

(e) The Master Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section. Upon the request of the Master Trustee, the Members of the Obligated Group shall join with the Master
ARTICLE VI
SUPPLEMENTS AND AMENDMENTS

Section 6.01. Supplements Not Requiring Consent of Holders. Each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplements for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission herein.

(b) To correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising hereunder and which shall not materially and adversely affect the interests of the Holders.

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority that may lawfully be granted or conferred upon them subject to the provisions of Section 6.02(a).

(d) To qualify this Master Trust Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(e) To create and provide for the issuance of Indebtedness as permitted hereunder including, without limitation, to provide for the issuance of Obligations hereunder.

(f) To obligate a successor to any Member of the Obligated Group or any additional Member of the Obligated Group as provided in Section 3.11.

(g) To comply with the provisions of any federal or state securities law.

(h) To effectuate the consolidation, merger, reorganization or transfer of assets of the District or any Member of the Obligated Group as permitted by Section 3.09 hereof.

Section 6.02. Supplements Requiring Consent of Holders. (a) Other than Supplements referred to in Section 6.01 hereof and subject to the terms and provisions and limitations contained in this Article and not otherwise, the Holders of not less than 51% in aggregate principal amount of Obligations then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by each Member of the Obligated Group, when authorized by resolution or other action of equal formality by its Governing Body, and the Trustee of such Supplements as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a Supplement which would:

(i) Effect a change in the times, amounts or currency of payment of the principal of, premium, if any, and interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation;

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall forthwith, so far as may be permitted by law, vest in and be exercised by the Master Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 5.08. Disclosure. The Master Trustee is authorized, but not required hereby, to disclose to a central repository of information and data regarding municipal bond issues such material as shall be reasonably satisfactory to the Master Trustee.

[End of Article V]
(ii) Permit the preference or priority of any Obligation over any other Obligation, without the consent of the Holders of all Obligations then Outstanding;

(iii) Reduce the aggregate principal amount of Obligations then Outstanding the consent of the Holders of which is required to authorize such Supplement without the consent of the Holders of all Obligations then Outstanding; or

(iv) The creation of a lien upon or a pledge of the Gross Revenues and other income of the District other than the lien and pledge created by this Master Trust Indenture or permitted hereunder.

(b) If at any time each Member of the Obligated Group shall request the Master Trustee to enter into a Supplement pursuant to this Section, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or if it has no secretary, its comparable officer, and the proposed Supplement and if within such period, not exceeding three years, as shall be prescribed by each Member of the Obligated Group following the request, the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Obligations specified in subsection (a) of this Section 6.02 for the Supplement in question which instrument or instruments shall refer to the proposed Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee, thereupon, but not otherwise, the Master Trustee may execute such Supplement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder giving such consent and upon any subsequent Holder of such Obligation (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Supplement, such revocation and, if such Obligation is transferable by delivery, proof that such Obligation is held by the signor of such revocation in the manner permitted by Section 8.01 of this Master Trust Indenture. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Supplement, the Master Trustee shall make and file with each Member of the Obligated Group a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount of the Obligations Outstanding shall have consented to and approved the execution of such Supplement as herein provided, no Holder shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or any Member of the Obligated Group from executing the same or from taking any action pursuant to the provisions thereof.

The consent of the Holders relating to any additional Related Bonds to be issued under a Related Bond Indenture shall be deemed given if the underwriters or initial purchasers for resale consent in writing to such Supplement and the nature of the amendment effected by such

Supplement is disclosed in the official statement or other offering document pursuant to which such Related Bonds are offered and sold to the public.

Section 6.03. Execution and Effect of Supplements. (a) In executing any Supplement permitted by this Article, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel and/or an Opinion of Bond Counsel stating that the execution of such Supplement is authorized or permitted hereby, complies with the terms hereof and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on any Related Bonds, the interest on which is not includable in gross income for federal income tax purposes. The Master Trustee may but shall not be obligated to enter into any such Supplement which affects the Master Trustee’s own rights, duties or immunities.

(b) Upon the execution and delivery of any Supplement in accordance with this Article, the provisions hereof shall be modified in accordance therewith and such Supplement shall form a part hereof for all purposes and every Holder of an Obligation theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

(c) Any Obligation authenticated and delivered after the execution and delivery of any Supplement in accordance with this Article may, and if required by the issuer of such Obligation or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Supplement. If the issuer of any series of Obligations then Outstanding or the Master Trustee shall so determine, new Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of such issuer to any such Supplement may be prepared and executed by the issuer and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Obligations then Outstanding.

[End of Article VI]
ARTICLE VII
SATISFACTION AND DISCHARGE OF INDENTURE

Section 7.01. Satisfaction and Discharge of Indenture. If (i) the Obligated Group Representative shall deliver to the Master Trustee for cancellation all Obligations theretofore authenticated (other than any Obligations which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in the Supplement) and not theretofore cancelled, or (ii) all Obligations not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and money sufficient to pay the same shall have been deposited with the Master Trustee, or (iii) all Obligations that have not become due and payable and have not been cancelled or delivered to the Master Trustee for cancellation shall be Defeased Obligations, and if in all cases the Members of the Obligated Group shall also pay or cause to be paid all other sums payable hereunder by the Members of the Obligated Group or any thereof, then this Master Trust Indenture shall cease to be of further effect, and the Master Trustee, on demand of the Members of the Obligated Group and at the cost and expense of the Members of the Obligated Group, shall execute proper instruments acknowledging satisfaction of and discharging this Master Trust Indenture. Each Member of the Obligated Group, respectively, hereby agrees to reimburse the Master Trustee for any costs or expenses theretofore and thereafter reasonably and properly incurred by the Master Trustee in connection with this Master Trust Indenture or such Obligations.

Section 7.02. Payment of Obligations after Discharge of Lien. Notwithstanding the discharge of the lien hereof as in this Article provided, the Master Trustee shall nevertheless retain such rights, powers and duties hereunder as may be necessary and convenient for the payment of amounts due or to become due on the Obligations and the registration, transfer, exchange and replacement of Obligations as provided herein and each Member of the Obligated Group shall remain obligated for the payment of any fees or expenses due and owing to the Master Trustee pursuant to Section 5.05 hereof.

Nevertheless, any moneys held by the Master Trustee or any paying agent for the payment of the principal of, premium, if any, or interest on any Obligation remaining unclaimed for five years after the principal of all Obligations has become due and payable, whether at maturity or upon proceedings for redemption or by declaration as provided herein, shall then be paid to the Members of the Obligated Group, as their interests may appear, and the Holders of any Obligations not theretofore presented for payment shall thereafter be entitled to look only to the Members of the Obligated Group for payment thereof as unsecured creditors and all liability of the Master Trustee with respect to such moneys shall thereupon cease.

[End of Article VII]
request, direction or consent, the principal amount of such Obligation shall be deemed to be the stated principal amount of such Obligation.

Section 8.02. Obligations or Related Bonds or Related Certificates Owned by Members of Obligated Group. In determining whether the Holders of the requisite aggregate principal amount of Obligations have concurred in any demand, direction, request, notice, consent, waiver or other action under this Master Trust Indenture, Obligations or Related Bonds or Related Certificates that are owned by any Member of the Obligated Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such Member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture or Related Loan Agreement, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Obligations or Related Bonds or Related Certificates which the Master Trustee has actual notice or knowledge are so owned shall be so disregarded and deemed not to be Outstanding. Obligations or Related Bonds or Related Certificates so owned that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Bond Indenture or Related Loan Agreement, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee’s right to vote such Obligations or Related Bonds or Related Certificates and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with any Member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of counsel shall be full protection to the Master Trustee.

Section 8.03. Instruments Executed by Holders Bind Future Holders. At any time prior to (but not after) the Master Trustee takes action in reliance upon evidence, as provided in Section 8.01 hereof, of the taking of any action by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action, any Holder of such an Obligation or Related Bond or Related Certificate that is shown by such evidence to be included in Obligations the Holders of which have consented to such action may, by filing written notice with the Master Trustee and upon proof of holding as provided in Section 8.01, revoke such action so far as concerns such Obligation or Related Bond or Related Certificate. Except upon such revocation any such action taken by the Holder of an Obligation or Related Bond or Related Certificate in any direction, demand, request, waiver, consent, vote or other action of the Holder of such Obligation or Related Bond or Related Certificate which by any provision hereof is required or permitted to be given shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Obligation or Related Bond or Related Certificate, and of any Obligation or Related Bond or Related Certificate issued in lieu thereof, whether or not any notation in regard thereto is made upon such Obligation or Related Bond or Related Certificate. Any action taken by the Holders of the percentage in aggregate principal amount of Obligations specified herein in connection with such action shall be conclusively binding upon each Member of the Obligated Group, the Master Trustee and the Holders of all of such Obligations or Related Bonds or Related Certificates.

Section 8.04. Rights of the Credit Facility Provider. Notwithstanding anything in this Master Trust Indenture to the contrary, provided such rights to consent are granted under the applicable Related Bond Indenture or Related Loan Agreement to a Credit Facility provider, in the event that a Credit Facility is in full force and effect as to any series of Related Bonds or Related Certificates, the Credit Facility provider is not insolvent and no default of the Credit Facility exists on the part of the Credit Facility provider, then the said Credit Facility provider, in place of the owner of the Obligations to which such Related Bonds or Related Certificates relate shall have the power and authority to give any written consents and exercise any and all other rights which the owner of that Obligation would otherwise have the power and authority to make, give or exercise of remedies provided in Article IV, and such consent shall be deemed to also constitute the consent of the owners of all of those Related Bonds or Related Certificates which are secured by such Credit Facility.

Notwithstanding anything herein to the contrary, all beneficial owners of registered Related Bonds or Related Certificates adversely affected by any amendments or supplements under Section 6.02 of this Master Trust Indenture shall be required to join with the Credit Facility provider in consenting to such amendments or supplements.

The Authorized Representative or the Obligated Group Representative may execute and deliver any contracts or agreements with Credit Facility providers to carry out the provisions hereof or to clarify the rights of such Credit Facility provider with respect to any Related Bonds or Related Certificates.

[End of Article VIII]
ARTICLE IX
INVESTMENT OF GROSS REVENUE FUND

Section 9.01 Investment of Gross Revenue Fund. To the extent moneys are held for the credit of the Gross Revenue Fund upon the occurrence of an Event of Default under Article IV hereof, if any, such money shall be continuously invested and reinvested by the Master Trustee at the written or oral direction of the Obligated Group Representative and if oral, to be promptly confirmed in writing, but only in the following investments:

(a) Cash (insured at all times by the Federal Deposit Insurance Corporation),
(b) Direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself).
(d) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself).
(e) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2.
(f) Certificates of deposit secured at all times by collateral described in (b) and/or (c) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
(g) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC.
(h) Commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P.
(i) Bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.
(j) Bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P.
(k) Repurchase Agreements with primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and “A2” or better by Moody’s, or Banks rated “A” or above by S&P and “A2” or above by Moody’s. Purchased securities will be limited to those in paragraph (b), (c) or (d) above at a margin percentage of 102%. Purchased securities must be held in a separate, segregated account by either the Master Trustee or tri-party custodian for the benefit of the Obligated Group, and the Obligated Group or Master Trustee must have a first perfected security interest in all purchased securities. Repurchase Agreements must be approved by the Bond Insurer, if applicable.

(l) Investment Agreements with providers initially rated at least “AA-” and “Aa3” by S&P and Moody’s, with the provision that (i) if the provider is downgraded below “AA-” or “Aa3” by S&P or Moody’s, the provider must deliver collateral of the type described in paragraph (A) above at a margin percentage of 103%, or that described in paragraph (c) or (d) above at a margin percentage of 104%, and (ii) if the provider is further downgraded below “A-” or “A3” by S&P or Moody’s, the Obligated Group Representative or the Master Trustee will have the right to terminate the agreement and receive all invested amounts plus accrued but unpaid interest without penalty. Investment Agreements must be approved by the Bond Insurer, if applicable.

[End of Article IX]
ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.01. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Master Trust Indenture or the Obligations issued hereunder is intended or shall be construed to give to any Person other than each Member of the Obligated Group, the Master Trustee, and the Holders hereunder any legal or equitable right, remedy or claim under or in respect to this Master Trust Indenture or any covenants, conditions and provisions herein contained; this Master Trust Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties mentioned in this Section.

Section 10.02. Severability. If any one or more sections, clauses, sentences or parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining provisions hereof, or the Obligations issued pursuant hereto, but shall be confined to the specific sections, clauses, sentences and parts so adjudged.

Section 10.03. Holidays. Except to the extent a Supplement or an Obligation provides otherwise:

(a) Subject to subsection (b) of this Section 10.03, when any action is provided herein to be done on a day or within a time period named, and the day or the last day of the period falls on a day on which banking institutions in the jurisdiction where the Corporate Trust Office is located are authorized by law to remain closed, the action may be done on the next ensuing day not a day on which banking institutions in such jurisdiction are authorized by law to remain closed with effect as though done on the day or within the time period named.

(b) When the date on which principal of or interest or premium on any Obligation is due and payable is a day on which banking institutions at the place of payment are authorized by law to remain closed, payment may be made on the next ensuing day on which banking institutions at such place are not authorized by law to remain closed with the same effect as though payment were made on the due date, and, if such payment is made, no interest shall accrue from and after such due date.

Section 10.04. Governing Law. This Master Trust Indenture and any Obligations issued hereunder are contracts made under the laws of the State of Florida and shall be governed by and construed in accordance with such laws.

Section 10.05. Counterparts. This Master Trust Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 10.06. Immunity of Individuals. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any Obligations issued hereunder or for any claim based thereon or upon any obligation, covenant or agreement herein against any past, present or future officer, member, employee or agent of any Member of the Obligated Group, and all such liability of any such individual as such is hereby expressly waived and released as a condition of and in consideration for the execution hereof and the issuance of Obligations issued hereunder.

Section 10.07. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon each Member of the Obligated Group, the Master Trustee and their respective successors and assigns subject to the limitations contained herein.

Section 10.08. Notices. (a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first class mail, postage prepaid and addressed as follows:

(i) If to any Member of the Obligated Group, addressed to the District at its principal place of business, which on the date hereof is: 3501 Johnson Street, Hollywood, Florida 33021; Attention: Chief Financial Officer;

(ii) If to the Master Trustee, addressed to it at Wachovia Bank, National Association, 200 S. Biscayne Blvd., 14th Floor (FL6065), Miami, Florida 33131; or

(iii) If to any registered Holder, addressed to such Holder at the address shown on the books of the Master Trustee kept pursuant hereto.

(b) Any Member of the Obligated Group, or the Master Trustee may from time to time by notice in writing to the other and to the registered Holders designate a different address or addresses for notice hereunder.

[End of Article X]
IN WITNESS WHEREOF, the District has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly authorized officer, all of as of the day and year first above written.

SOUTH BROWARD HOSPITAL DISTRICT

(SEAL)

By: ____________________________
Chairman, Board of Commissioners

ATTEST:

By: ____________________________
Secretary-Treasurer

WACHOVIA BANK, NATIONAL ASSOCIATION, as Master Trustee

By: ____________________________
Authorized Officer

(SEAL)

STATE OF FLORIDA )
) SS:
COUNTY OF BROWARD )

On this ____ day of September, 2003, before me, a notary public in and for the State and County aforesaid, personally appeared, Albert C. Jones, Chairman of the Board of Commissioners of the South Broward Hospital District, who acknowledged that he did so sign the foregoing instrument as such officer for and on behalf of said South Broward Hospital District; that the same is his free act and deed as such officer and the free act and deed of said South Broward Hospital District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

NOTARY PUBLIC
SEAL OF OFFICE:

[Name of Notary Public, Print, Stamp or Type as Commissioned]

☐ Personally known to me, or
☐ Produced identification: ____________________________

(Type of Identification Produced)
On this ___ day of September, 2003, before me, a notary public in and for the State and County aforesaid, personally appeared, Kevin P. Tynan, Secretary-Treasurer of the Board of Commissioners of the South Broward Hospital District, who acknowledged that she did so sign the foregoing instrument as such officer for and on behalf of said South Broward Hospital District; that the same is her free act and deed as such officer and the free act and deed of said South Broward Hospital District, and that the seal affixed to said instrument is the seal of said South Broward Hospital District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

[Name of Notary Public, Print, Stamp or Type as Commissioned]

Personally known to me, or
Produced identification:

[Type of Identification Produced]
SUPPLEMENTAL INDENTURE FOR OBLIGATION NO. 16
by and between
SOUTH BROWARD HOSPITAL DISTRICT
and
U.S. BANK NATIONAL ASSOCIATION
(as successor in interest to Wachovia Bank, National Association), as Master Trustee
Dated as of May 1, 2008
Supplementing the Master Trust Indenture
Dated as of September 1, 2003

THIS SUPPLEMENTAL INDENTURE FOR OBLIGATION NO. 16, made and entered into as of the 1st day of May, 2008 (“Supplement No. 16”), by and between the South Broward Hospital District (the “District”) and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), a national banking association organized and existing under the laws of the United States of America, as master trustee (the “Master Trustee”) under the Master Trust Indenture, dated as of September 1, 2003 (the “Master Trust Indenture”), by and between the Master Trustee and the District.

W I T N E S S E T H:

WHEREAS, the District has entered into the Master Trust Indenture which provides for the issuance, by any Member of the Obligated Group of its Obligations thereunder, upon such Member of the Obligated Group and the Master Trustee entering into an indenture supplemental to the Master Trust Indenture to create Indebtedness; and

WHEREAS, the District desires to issue Obligation No. 16 hereunder to evidence its obligation arising from the issuance of its $156,575,000 aggregate principal amount of Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group) (the “2008 Bonds”); and

WHEREAS, all acts and things necessary to constitute this Supplement No. 16 a valid indenture and agreement according to its terms have been done and performed, and the District has duly authorized the execution and delivery hereof and of Obligation No. 16; and

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of Obligation No. 16 by the Holder thereof, the District covenants and agrees with the Master Trustee, for the benefit of the Holders from time to time of Obligation No. 16, as follows:

Section 1. Definitions. For the purposes hereof unless the context otherwise indicates the following words and phrases shall have the following meanings:

(a) All terms used herein which are defined in the Master Trust Indenture shall have the meanings assigned to them therein.

(b) “Bond Indenture” means the Bond Indenture dated as of May 1, 2008 between the District and the Bond Trustee pursuant to which the 2008 Bonds were issued.

“Bond Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America and any successor to its duties under the Bond Indenture.

“Obligation No. 16” means the Obligation issued pursuant hereto.

“Supplement No. 16” means this Supplemental Indenture for Obligation No. 16.
“2008 Bonds” means the South Broward Hospital District Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group), dated May __, 2008 issued in the aggregate principal amount of $156,575,000.

Section 2. Issuance of Obligation No. 16. There is hereby created and authorized to be issued Obligation No. 16 in the aggregate principal amount of One Hundred Fifty-six Million Five Hundred Seventy-five Thousand Dollars ($156,575,000) designated “South Broward Hospital District Obligation No. 16.” Obligation No. 16 shall be dated May 28, 2008, and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of Obligation No. 16 attached hereto as Appendix A.

The aggregate principal amount of Obligation No. 16 is limited to the amount stated in this Section except for any Obligation authenticated and delivered in lieu of another Obligation as provided in Section 6 hereof with respect to any Obligation destroyed, lost or stolen, or, subject to the provisions of Section 5 of this Supplement No. 16, upon transfer of registration of Obligation No. 16.

Section 3. Payments on Obligation No. 16; Credits. (a) Principal of, interest and any applicable redemption premium on, Obligation No. 16 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in subsection (b) of this Section with respect to credits, and Section 4 hereof regarding prepayment, payments on the principal of, obligation premium, if any, and interest on, Obligation No. 16 shall be made at the times and in the amounts specified in Obligation No. 16 in immediately available funds by the District depositing the same with or to the account of the Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or the next preceding business day if such date is a Saturday, Sunday or holiday in the city in which the principal corporate trust office of the Bond Trustee is located), and giving notice to the Master Trustee of each payment of principal, interest or redemption premium on Obligation No. 16, specifying the amount paid and identifying such payment as a payment on Obligation No. 16.

(b) The District shall receive credit for payment on Obligation No. 16, in addition to any credits resulting from payment or prepayment from other sources, as follows:

1. On installments of interest on Obligation No. 16 in an amount equal to moneys deposited in the Interest Account of the Bond Fund created under the Bond Indenture which amounts are available to pay interest on the 2008 Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 16.

2. On installments of principal on Obligation No. 16 in an amount equal to moneys deposited in the Principal Account of the Bond Fund created under the Bond Indenture which amounts are available to pay principal in respect of 2008 Bonds which are Term Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 16.

(a) On installments of principal on Obligation No. 16 in an amount equal to moneys deposited in the Sinking Fund Account of the Bond Fund created under the Bond Indenture which amounts are available to pay principal in respect of 2008 Bonds which are Term Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 16.

(b) On installments of principal on Obligation No. 16 in an amount equal to the principal amount of 2008 Bonds acquired by any Member of the Obligated Group and delivered to the Bond Trustee for redemption prior to maturity.

(c) On installments of principal on Obligation No. 16 in an amount equal to the principal amount of 2008 Bonds which have been called by the Bond Trustee for redemption prior to maturity.

Section 4. Prepayment of Obligation No. 16. (a) So long as all amounts which have become due under Obligation No. 16 have been paid, the District may at any time and from time to time pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 16. Prepayment may be made by payments of cash and/or surrender of 2008 Bonds, as contemplated by Section 3 hereof. All such prepayments (and the additional payment of any amount necessary to pay the applicable redemption premium, if any, payable upon the redemption of 2008 Bonds) shall be deposited upon receipt in the Redemption Fund created under the Bond Indenture and, at the request of and as determined by the District, used for the redemption or purchase of Outstanding 2008 Bonds in the manner and subject to the terms and conditions set forth in the Bond Indenture. Notwithstanding any such prepayment or surrender of 2008 Bonds, as long as any 2008 Bonds remain Outstanding or any additional payments required to be made hereunder remain unpaid, the District shall not be relieved of its obligations hereunder.

(b) Prepayments made under subsection (a) of this Section shall be credited against amounts to become due on Obligation No. 16 as provided in Section 3 hereof.

(c) The District may also prepay all of its Indebtedness under Obligation No. 16 by providing for the payment of 2008 Bonds in accordance with Article VIII of the Bond Indenture.
Section 5. Registration, Numbers, Negotiability and Transfer of Obligation No. 16. (a) Obligation No. 16 shall be registered on the register to be maintained by the District for that purpose at the Corporate Trust Office of the Master Trustee. Except as provided in subsection (b) of this Section, so long as any 2008 Bonds remain Outstanding (within the meaning of that term as used in the Bond Indenture), Obligation No. 16 shall consist of a single Obligation registered as to principal and interest in the name of the Bond Trustee and no transfer of Obligation No. 16 shall be registered under this Supplement No. 16 except for transfers to a successor Bond Trustee.

(b) Upon the principal of all Obligations Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 16 may be transferred and such transfer registered, if and to the extent the Bond Trustee requests that the restrictions of subsection (a) of this Section on transfers be terminated.

(c) Obligation No. 16 shall be transferable only upon presentation of Obligation No. 16 at the Corporate Trust Office of the Master Trustee by the registered owner or by its duly authorized attorney. Such transfer shall be without charge to the owner thereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the owner requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the District shall execute and the Master Trustee shall authenticate and deliver in exchange for Obligation No. 16 a new registered Obligation No. 16, registered in the name of the transferee.

(d) Prior to due presentment by the owner for registration of transfer, the District and the Master Trustee may deem and treat the person in whose name Obligation No. 16 is registered as the absolute owner for all purposes; and neither the District nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on Obligation No. 16.

Section 6. Mutilation, Destruction, Loss and Theft of Obligation No. 16. If (i) Obligation No. 16 is surrendered to the Master Trustee in a mutilated condition, or the District and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of Obligation No. 16 and (ii) there is delivered to the District and the Master Trustee such security or indemnity as may be required by them to hold them harmless, then, in the absence of proof satisfactory to the District and the Master Trustee that Obligation No. 16 has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the District and the Master Trustee, the District shall cause to be executed and the Master Trustee shall authenticate and deliver, in exchange for such mutilated Obligation No. 16, a new Obligation No. 16 of like principal amount, date and tenor. Every mutilated Obligation No. 16 so surrendered to the Master Trustee shall be cancelled by it and delivered to, or upon the order of, the District. If any such mutilated, destroyed, lost or stolen Obligation No. 16 has become or is about to become due and payable, Obligation No. 16 may be paid when due instead of delivering a new Obligation No. 16.

Section 7. Execution and Authentication of Obligation No. 16. Obligation No. 16 shall be manually executed for and on behalf of the District by its Chairman or Vice Chairman and attested by its Secretary-Treasurer. If any officer whose signature appears on Obligation No. 16 ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Obligation No. 16 shall be manually authenticated by an authorized officer of the Master Trustee, without which authentication Obligation No. 16 shall not be entitled to the benefits hereof.

Section 8. Right to Redeem. Obligation No. 16 shall be subject to redemption, in whole or in part, prior to the maturity, in an amount equal to the principal amount of any 2008 Bond (i) called for redemption pursuant to the Bond Indenture, or (ii) purchased for cancellation by the Bond Trustee. Obligation No. 16 shall be subject to redemption on the date any 2008 Bond shall be so redeemed or purchased, and in the manner provided herein.

Section 9. Partial Redemption of Obligation No. 16. Upon the call for redemption, and the surrender of, Obligation No. 16 for redemption in part only, the District shall cause to be executed and the Master Trustee shall authenticate and deliver to or upon the written order of the Holder thereof, at the expense of the District, a new Obligation No. 16 in principal amount equal to the unredeemed portion of Obligation No. 16, which old Obligation No. 16 so surrendered to the Master Trustee pursuant to this Section 9 shall be cancelled by it and delivered to, or upon the order of, the District.

The District may agree with the Holder of Obligation No. 16 that such Holder may, in lieu of surrendering Obligation No. 16 for a new fully registered Obligation No. 16, endorse on Obligation No. 16 a notice of such partial redemption, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial redemption shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 16 and the Obligated Group and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 16 by the owner thereof and irrespective of any error or omission in such endorsement.

Section 10. Effect of Call for Redemption. On the date designated for redemption of the 2008 Bonds, Obligation No. 16 shall become and be due and payable in an amount equal to the redemption or purchase price to be paid by the District on the 2008 Bonds on such date. If on the date fixed for redemption of Obligation No. 16 moneys for payment of the redemption or purchase price and accrued interest on the 2008 Bonds are held by the Bond Trustee, interest on Obligation No. 16 shall cease to accrue and said Obligation No. 16 shall cease to be entitled to any benefit or security under the Bond Trust Indenture to the extent of said redemption and the amount of Obligation No. 16 so called for redemption shall be deemed paid and no longer Outstanding.

Section 11. Discharge of Supplement. Upon payment by the District of a sum, in cash or United States Government Obligations (as defined in the Bond Indenture), or both, sufficient, together with any other cash and United States Treasury Obligations held by the Bond Trustee and available for such purpose, to cause all Outstanding 2008 Bonds to be deemed to have been paid within the meaning of Article VIII of the Bond Indenture and to pay all other amounts
referred to in Article VIII of the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture, Obligation No. 16 shall be deemed to have been paid and to be no longer Outstanding under the Master Trust Indenture and this Supplement No. 16 shall be discharged.

Section 12. Tax Exempt Status. The District hereby covenants that so long as all amounts due or to become due on any 2008 Bond have not been fully paid to the Holder thereof, it will not take any action or suffer any action to be taken by others, which would result in the interest payable on any 2008 Bond becoming includable in gross income of the Holder thereof for purposes of federal income taxation under the Internal Revenue Code of 1986, as amended.

Section 13. Ratification of Master Trust Indenture. As supplemented hereby, the Master Trust Indenture is in all respects ratified and confirmed and the Master Trust Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 14. Severability. If any provision of this Supplement No. 16 shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplement No. 16 shall not affect the remaining portions of this Supplement No. 16 or any part thereto.

Section 15. Counterparts. This Supplement No. 16 may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 16. Governing Law. This Supplement No. 16 shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the District has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created the Master Trustee has caused these presents to be signed in its name and on its behalf by its duly Authorized Signatory, all as of the day and year first above written.

SOUTH BROWARD HOSPITAL DISTRICT

(SEAL)

By: ________________________________
Chairman

ATTEST:

By: ________________________________
Secretary-Treasurer

U.S. BANK NATIONAL ASSOCIATION, as Master Trustee

By: ________________________________
Authorized Signatory
On this 28th day of May, 2008, before me, a notary public in and for the State and County aforesaid, personally appeared, Kevin P. Tynan, Chairman of the Board of Commissioners of the South Broward Hospital District, who acknowledged that he did so sign the foregoing instrument as such officer for and on behalf of said South Broward Hospital District; that the same is his free act and deed as such officer and the free act and deed of said South Broward Hospital District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

[Name of Notary Public, Print, Stamp or Type as Commissioned]

STATE OF FLORIDA )
COUNTY OF BROWARD )

On this 28th day of May, 2008, before me, a notary public in and for the State and County aforesaid, personally appeared, Sara E. Wolfer, Secretary-Treasurer of the Board of Commissioners of the South Broward Hospital District, who acknowledged that she did so sign the foregoing instrument as such officer for and on behalf of said South Broward Hospital District; that the same is her free act and deed as such officer and the free act and deed of said South Broward Hospital District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

[Name of Notary Public, Print, Stamp or Type as Commissioned]
STATE OF FLORIDA  )
COUNTY OF BROWARD  ) SS:

On this 28th day of May, 2008, before me, a notary public in and for the State and County aforesaid, personally appeared Melissa A. DuMont, Authorized Signatory of U.S. Bank National Association, as Master Trustee, who acknowledged that she did so sign said instrument as such signatory for and on behalf of said corporation; that the same is her free act and deed as such signatory and the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and of fixed my notarial seal the day and year in this certificate first above written.

NOTARY PUBLIC  NOTARY PUBLIC STATE OF FLORIDA
SEAL OF OFFICE:

(Name of Notary Public, Print, Stamp or Type as Commissioned)
☐ Personally known to me, or
☐ Produced identification: (Type of Identification Produced)

APPENDIX A

FORM OF OBLIGATION NO. 16

SOUTH BROWARD HOSPITAL DISTRICT
OBLIGATION NO. 16

KNOW ALL PERSONS BY THESE PRESENTS that the South Broward Hospital District (the “District”), a body corporate established pursuant to Chapter 24415, Laws of Florida, Special Acts of 1947, as amended, and as codified in Chapter 2004-397, Laws of Florida (2004) for value received hereby acknowledges itself obligated to, and promises to pay to U.S. Bank National Association, as Bond Trustee under that certain Bond Indenture (hereinafter described), or registered assigns, the principal sum of One Hundred Fifty-six Million Five Hundred Seventy-five Thousand Dollars ($156,575,000) payable in installments on the dates and in the amounts that payments are required to be deposited by the District pursuant to the Bond Indenture and to pay interest thereon from the date hereof on the dates and in the amounts that payments are required to be deposited by the District pursuant to the Bond Indenture.

This Obligation No. 16 is a single Obligation of the District limited to $156,575,000 aggregate principal amount, designated as “South Broward Hospital District Obligation No. 16” (“Obligation No. 16” and together with all other Obligations issued under the Master Trust Indenture hereinafter identified, the “Obligations”) issued under and pursuant to Supplemental Indenture for Obligation No. 16, dated as of May 1, 2008 (“Supplement No. 16”), supplementing the Master Trust Indenture, dated as of September 1, 2003, (the “Master Trust Indenture”) and between the District and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee (the “Master Trustee”). The Master Trust Indenture, as so supplemented and amended, is hereinafter called the “Master Trust Indenture”. This Obligation No. 16, together with all other Obligations Outstanding under the Master Trust Indenture, is equally and ratably secured by the provisions of the Master Trust Indenture, as provided therein. As provided by Section 2.01 of the Master Trust Indenture, each Member of the Obligated Group (as defined in the Master Trust Indenture) is jointly and severally liable for this Obligation No. 16.

Principal hereof, interest hereon and any applicable redemption premium, are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. The principal hereof, redemption premium, if any, and interest hereon shall be payable in immediately available funds by the District depositing the same with or to the account of the Bond Trustee (as hereinafter defined) at or prior to the opening of business on the day such payments shall become due and payable (or the next preceding business day if such date is a Saturday, Sunday or holiday in the city in which the principal corporate trust office of the Bond Trustee is located), and giving notice of payment to the Master Trustee as provided in the Supplement No. 16.

This Obligation No. 16 is issued for the purpose of evidencing and securing the indebtedness of the District resulting from the issuance and sale of bonds of the District, issued in the aggregate principal amount of $156,575,000, designated “Hospital Refunding Revenue Bonds, Series 2008” (South Broward Hospital District Obligated Group) (the “Related Bonds”),
and issued under and pursuant to the Constitution and laws of the State of Florida, and particularly Chapter 24415, Laws of Florida, Special Acts of 1947, as amended, and as codified in Chapter 2004-397, Laws of Florida (2004), and a Bond Indenture (as defined herein).

“Bond Indenture” means with respect to the Related Bonds, the Bond Indenture, dated as of May 1, 2008, by and between the District and U.S. Bank National Association, as bond trustee (the “Bond Trustee”).

The District shall receive credit for payment on Obligation No. 16, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest on Obligation No. 16 in an amount equal to moneys deposited in the Interest Account of the Bond Fund created under the Bond Indenture which amounts are available to pay interest on the Related Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 16; (ii) on installments of principal on Obligation No. 16 in an amount equal to moneys deposited in the Principal Account of the Bond Fund created under the Bond Indenture which amounts are available to pay principal of the Related Bonds which are Serial Bonds; (iii) on installments of principal on Obligation No. 16 in an amount equal to moneys deposited in the Moneys Fund Account of the Bond Fund created under the Bond Indenture which amounts are available to pay principal of the Related Bonds which are Term Bonds and to the extent such amounts have not previously been credited on Obligation No. 16; (iv) on installments of principal and interest on Obligation No. 16 in an amount equal to the principal of and interest on Related Bonds which have been called by the Bond Trustee, for redemption prior to maturity to the extent that there are sufficient amounts for the redemption of such Related Bonds in cash on deposit with the Bond Trustee and available for such purpose in accordance with the Bond Indenture and to the extent that such amounts have not previously been credited on Obligation No. 16; provided that such credits shall be made against the installments of principal and interest on Obligation No. 16 which would be due, but for such call for redemption, to pay principal and interest of such Related Bonds when due at maturity; and (v) on installments of principal and interest on Obligation No. 16 in an amount equal to the principal amount of and interest on Related Bonds acquired by any Member of the Obligated Group and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled; provided that such credits shall be made against the installments of principal and interest on Obligation No. 16 which would be due, but for the cancellation of such Related Bond, to pay principal and interest of such Related Bonds when due at maturity.

Upon payment by the District of a sum, in cash, cash or obligations, or both, sufficient, together with any other cash and obligations held by the Bond Trustee and available for such purpose, to cause all Outstanding Related Bonds to be deemed to have been paid within the meaning of Article VIII of the Bond Indenture and to pay all other amounts referred to in Article VIII of the Bond Indenture, accrued and to be accrued to the date of discharge of the Bond Indenture, Obligation No. 16 shall be deemed to have been paid and to be no longer Outstanding under the Master Trust Indenture.

Copies of the Master Trust Indenture are on file at the Corporate Trust Office of the Master Trustee and reference is hereby made to the Master Trust Indenture for the provisions, among others, with respect to the nature and extent of the rights of the owners of Obligations issued under the Master Trust Indenture, the terms and conditions on which, and the purpose for which, Obligations are to be issued and the rights, duties and obligations of the District and the Master Trustee under the Master Trust Indenture, to all of which the registered owner hereof, by acceptance of this Obligation No. 16, assents.

The Master Trust Indenture permits the issuance of additional Obligations under the Master Trust Indenture to be secured by the covenants made therein, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligation issued under the Master Trust Indenture over any other such Obligation except as expressly provided or permitted in the Master Trust Indenture.

The District has previously issued Obligations, that are currently outstanding to secure its Hospital Refunding Revenue Bonds, Series 2003A, currently outstanding in the aggregate principal amount of $20,375,000; its Hospital Revenue Bonds, Series 2003B, currently outstanding in the aggregate principal amount of $3,135,000; its Hospital Revenue and Refunding Revenue Bonds, Series 2006 (South Broward Hospital District Obligated Group), currently outstanding in the aggregate principal amount of $120,000,000; and its Hospital Refunding Revenue Bonds, Series 2007 (South Broward Hospital District Obligated Group), currently outstanding in the aggregate principal amount of $112,745,000 (collectively, the “Outstanding Prior Bonds”).

The District has also issued an Obligation to secure its payment Obligations pursuant to a Loan Agreement dated as of May 1, 2008 between the District and Bank of America, National Association, including a promissory note dated as of May 24, 2008 executed by the District to evidence the debt (the “Other Outstanding Debt”) in connection therewith. The Other Outstanding Debt was incurred for purposes of refunding the Issuer’s (i) Hospital Refunding Revenue Bonds, Series 2003C, (ii) Hospital Revenue Bonds, Series 2004A (South Broward Hospital District Obligated Group) and (iii) Hospital Revenue Bonds, Series 2004B (South Broward Hospital District Obligated Group). This Obligation will be cancelled upon payment in full of the Other Outstanding Debt.

In addition to issuing Obligations to secure the District’s Outstanding Prior Bonds and the Other Outstanding Debt, the District has also issued Obligations that are currently outstanding to secure certain outstanding Parity Debt issued under Section 7.24 of the Original Indenture and secured on a parity with the Outstanding Prior Bonds and Other Outstanding Debt. The District has also issued Obligations to secure its Hospital Revenue Certificate, Series 1998, currently outstanding in the aggregate principal amount of $6,000,000; its Hospital Revenue Certificate, Series 2000, currently outstanding in the aggregate principal amount of $8,394,174; and its Hospital Revenue Certificate, Series 2001, currently outstanding in the aggregate principal amount of $7,200,000 (collectively, the “Outstanding Prior Certificates”).

To the extent permitted by and as provided in the Master Trust Indenture, modifications or changes of the Master Trust Indenture, of any indenture supplemental thereto, and of the rights and obligations of the District and of the owners of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Trust Indenture or any supplemental indenture. Certain modifications or changes which would affect the rights of the owners of this Obligation No. 16 may be made only with the consent of the Holders of not less than 51% in aggregate principal amount of the Obligations then
Outstanding under the Master Trust Indenture. The term “Holder” means an owner of any Obligation issued in other than bearer form. No such modification or change shall be made which will (i) effect a change in the times, amounts or currency of payment of the principal of, and redemption premium, if any, or interest on any Obligation without the consent of the registered Holder of such Obligation; (ii) permit the preference or priority of any Obligation over any other Obligation without the consent of the registered Holders of all Obligations then Outstanding; or (iii) reduce the aggregate principal amount of Obligations then Outstanding, the consent of the registered Holders of which is required to authorize such supplement without the consent of the registered Holders of all Obligations then Outstanding. Any such consent by the registered Holders of this Obligation No. 16 shall be conclusive and binding upon such registered Holder and all future owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation No. 16.

In the manner and with the effect provided in Supplement No. 16, Obligation No. 16 will be subject to redemption in whole or in part prior to maturity, in an amount equal to the principal amount of any Related Bond (i) called for redemption pursuant to the Bond Indenture, or (ii) purchased for cancellation by the Bond Trustee. Obligation No. 16 shall be subject to redemption on the date any Related Bond shall be so redeemed or purchased, and in the manner provided herein.

Any redemption, either in whole or in part, shall be made upon notice thereof in the manner and upon the terms and conditions provided in the Bond Indenture. If this Obligation No. 16 shall have been duly called for redemption and payment of the redemption price, together with interest accrued thereon to the date fixed for redemption, shall have been made or provided for, as more fully set forth in Supplement No. 16 and the Bond Indenture, interest on this Obligation No. 16 shall cease to accrue from the date fixed for redemption, and from and after such date this Obligation No. 16 shall be deemed not to be Outstanding, as defined in the Master Trust Indenture, and shall no longer be entitled to the benefits of the Master Trust Indenture, and the registered Holder hereof shall have no rights in respect of this Obligation No. 16 other than payment of the redemption price, together with accrued interest to the date fixed for redemption.

The registered Holder of this Obligation No. 16 shall have no right to enforce the provisions of the Master Trust Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Trust Indenture.

Obligation No. 16 is issuable only as a fully registered Obligation. This Obligation No. 16 shall be registered on the registration books to be maintained by the District for that purpose at the Corporate Trust Office of the Master Trustee and the transfer of this Obligation No. 16 shall be registrable only upon presentation of this Obligation No. 16 at said office by the registered owner or by his duly authorized attorney and subject to the limitations, if any, set forth in Supplement No. 16. Such registration of transfer shall be without charge to the registered owner hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the registered owner requesting such registration of transfer as a condition precedent to the exercise of such privilege. Upon any such registration of transfer, the District shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 16 a new Obligation, registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the District and the Master Trustee may deem and treat the person in whose name this Obligation No. 16 is registered as the absolute owner hereof for all purposes; and neither the District nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Obligation No. 16.

No covenant or agreement contained in this Obligation No. 16 or the Master Trust Indenture shall be deemed to be a covenant or agreement of any director, officer, agent or employee of the District or of the Master Trustee in his individual capacity, and no incorporator, member, officer or member of the District shall be liable personally on this Obligation No. 16 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 16.

This Obligation No. 16 shall not be entitled to any benefit under the Master Trust Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 16 shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the District has caused this Obligation No. 16 to be executed in its name and on its behalf by its Chairman and attested by its Secretary-Treasurer all as of the 28th day of May, 2008.

SOUTH BROWARD HOSPITAL DISTRICT
(SEAL)

By: 
Chairman

ATTEST:

By: 
Secretary-Treasurer
MASTER TRUSTEE’S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. 16 is one of the Obligations described in the within-mentioned Master Trust Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Master Trustee

Date of Authentication
May 28, 2008

By: ______________________________
Authorized Signatory
APPENDIX D - FORM OF BOND INDENTURE
BOND INDENTURE

between

SOUTH BROWARD HOSPITAL DISTRICT
as Issuer

and

U.S. BANK NATIONAL ASSOCIATION
as Bond Trustee

Dated as of May 1, 2008

relating to

$156,575,000
Hospital Refunding Revenue Bonds, Series 2008
(South Broward Hospital District Obligated Group)
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Exhibit A  Form of Bond
Exhibit B  Requisition
THIS BOND INDENTURE, dated as of May 1, 2008 (as may be supplemented and amended, this “Bond Indenture”) between the SOUTH BROWARD HOSPITAL DISTRICT, as issuer (the “Issuer”), a public body corporate located in Broward County, Florida, and duly organized, created and existing under the laws of the State of Florida, and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized under the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby, as bond trustee (the “Bond Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer is a public body corporate located in Broward County, Florida, and duly organized and validly existing under the laws of the State, including Chapter 24415, Laws of Florida, Special Acts of 1947, as amended and as codified by Chapter 2004-397, Laws of Florida (2004) (collectively, the “Act”); and

WHEREAS, the Issuer is empowered under the Act to issue revenue bonds to carry out the purposes of the Act; and

WHEREAS, the Issuer had previously entered into a Trust Indenture dated as of August 1, 1991 (the “1991 Indenture” and as previously supplemented and amended, hereinafter referred to as the “Original Indenture”) with Wachovia Bank, National Association (formerly known as First Union National Bank and First Union National Bank of Florida), as trustee (the “Original Trustee”), for the purpose of authorizing, issuing and securing certain hospital revenue bonds of the Issuer; and

WHEREAS, the Issuer has previously issued and currently has outstanding under the Original Indenture its (i) Hospital Refunding Revenue Bonds, Series 2003A, (the “2003A Bonds”) and (ii) Hospital Revenue Bonds, Series 2003B (the “2003B Bonds”); and

WHEREAS, the Issuer has previously issued and currently has Outstanding revenue certificates as authorized by the Original Indenture: $10,000,000 South Broward Hospital District Hospital Revenue Certificate, Series 1998, currently outstanding in the aggregate principal amount of $6,000,000 (the “1998 Certificate”) issued pursuant to a Loan Agreement dated as of April 23, 1998, as amended (the “1998 Loan Agreement”) between the Issuer and SunTrust Bank, South Florida, National Association (now know as SunTrust Bank); $10,000,000 South Broward Hospital District Hospital Revenue Certificate, Series 2000, currently outstanding in the aggregate principal amount of $8,394,174 (the “2000 Certificate”) issued pursuant to a Loan Agreement dated as of October 20, 2000, as amended (the “2000 Loan Agreement”) between the Issuer and First Union National Bank (now known as Wachovia Bank, National Association); and $10,000,000 South Broward Hospital District Hospital Revenue Certificate, Series 2001, currently outstanding in the aggregate principal amount of $7,000,000 (the “2001 Certificate” and, together with the 1998 Certificate and the 2000 Certificate, the “Outstanding Prior Certificates”) issued pursuant to a Loan Agreement dated as of November 8, 2001 (the “2001 Loan Agreement” and together with the 1998 Loan Agreement and the 2000 Loan Agreement, the “Prior Loan Agreements”) between the Issuer and First Union National Bank (now known as Wachovia Bank, National Association); and
WHEREAS, the Third Supplemental Trust Indenture, dated as of February 1, 2002 by
and between the District and the Original Trustee (the “Third Supplemental Indenture”) pursuant
to which the Issuer issued its Hospital Revenue Bonds, Series 2002, none of which are currently
outstanding, also provided for the amendment and restatement in whole of the Original Indenture
upon the receipt of certain consents as required by Section 11.02 of the 1991 Indenture, to wit:
the consent of not less than 51% in the aggregate principal amount of the Bonds Outstanding
under the Indenture to such amendment and restatement and the consent of any Credit Facility
Issuer insuring the Bonds Outstanding; and

WHEREAS, having obtained the consents required by Section 11.02 of the 1991
Indenture, the Issuer and the Original Trustee have entered into the Master Trust Indenture, dated
as of September 1, 2003 (the “Master Trust Indenture”) in order to amend and restate in its
entirety the Original Indenture; and

WHEREAS, the Issuer has previously entered into a Bond Indenture, dated as of March
1, 2006 (the “2006 Bond Indenture”) between the Issuer and U.S. Bank National Association, as
bond trustee, and has issued and currently outstanding under the 2006 Bond Indenture and the
Master Trust Indenture its Hospital Revenue and Refunding Revenue Bonds, Series 2006 (South
Broward Hospital District Obligated Group) (the “2006 Bonds”) and a Bond Indenture, dated as
of April 1, 2007 (the “2007 Bond Indenture”) between the Issuer and U.S. Bank National
Association, as bond trustee, and has issued and currently outstanding under the 2007 Bond
Indenture and the Master Trust Indenture its Hospital Refunding Revenue Bonds, Series 2007
(South Broward Hospital District Obligated Group) (the “2007 Bonds” and, together with the

WHEREAS, the Issuer has recently entered into a Loan Agreement dated as of March 1,
2008 with Bank of America, National Association (the “Bank of America Loan Agreement”),
and has executed a promissory note dated as of March 24, 2008 to evidence the debt incurred
under the Bank of America Loan Agreement (the “Other Outstanding Debt”) which debt was
incurred for the purpose of refunding its (i) Hospital Refunding Revenue Bonds, Series 2003C,
(ii) Hospital Revenue Bonds, Series 2004A (South Broward Hospital District Obligated Group),
and (iii) Hospital Revenue Bonds, Series 2004B (South Broward Hospital District Obligated
Group). The Prior Bonds which were issued as auction rate securities. The Other Outstanding
Debt, together with the Outstanding Prior Bonds and the Outstanding Prior Certificates are
collectively referred to herein as the “Outstanding Prior Indebtedness”; and

WHEREAS, the Issuer is authorized to enter into this Bond Indenture and to do or cause
to be done all the acts and things herein provided or required to be done, to refund all of the
Other Outstanding Debt by the issuance of the 2008 Bonds as hereinafter described, all as
hereinafter defined and provided for and the execution and delivery of this Bond Indenture has
been duly authorized by the Issuer; and

WHEREAS, subsequent to the execution and delivery of the Master Trust Indenture, the
Issuer has executed various Supplemental Indentures to the Master Trust Indenture, each dated as
of September 1, 2003, December 1, 2004, March 1, 2006 and March 1, 2008 between the Issuer
and the Master Trustee (collectively, the “Prior Supplements”) and has issued certain Obligations
to secure the Outstanding Prior Indebtedness (collectively, the “Prior Obligations”); and
WHEREAS, simultaneously with the execution and delivery of this Bond Indenture and the issuance of the 2008 Bonds, the Issuer will enter into a Supplemental Indenture for Obligation No. 16, dated as of May 1, 2008 (the “Supplemental Indenture No. 16” and, together with the Master Trust Indenture, the “Master Indenture”) between the Issuer and the Master Trustee; and

WHEREAS, the 2008 Bonds will be secured as provided in the Master Indenture, as evidenced by that certain Obligation No. 16 (“Obligation No. 16”) issued to the Bond Trustee simultaneously upon issuance of the 2008 Bonds, by the Issuer, as representative of the Obligated Group established pursuant to the Master Trust Indenture (the “Obligated Group”); and

WHEREAS, the 2008 Bonds do not constitute a general obligation or a pledge of the faith and credit of the Issuer, Broward County or of the State or of any political subdivision thereof and the holders or owners of the 2008 Bonds shall have no right to have taxes levied by the Issuer, Broward County, the State or of any political subdivision thereof, for the payment of principal of or interest on the 2008 Bonds; and

WHEREAS, the Issuer currently constitutes the sole Member of the Obligated Group under the Master Trust Indenture, and the 2008 Bonds constitute “Related Bonds” under the Master Trust Indenture; and

WHEREAS, the Bond Trustee has accepted the trusts created by this Bond Indenture and its obligations hereunder, and in evidence thereof, this Bond Indenture has been executed and delivered thereby;

WHEREAS, all things necessary to make the 2008 Bonds, the valid, binding and legal obligations of the Issuer and to constitute this Bond Indenture a valid, binding and legal instrument enforceable in accordance with its terms for the security of the 2008 Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS BOND INDENTURE WITNESSETH:

(a) That the Issuer, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2008 Bonds by the owners thereof and of the sum of Ten Dollars to it duly paid by the Bond Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on all 2008 Bonds at any time outstanding under this Bond Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the 2008 Bonds and herein contained, and to declare the terms and conditions upon and subject to which the 2008 Bonds are issued and secured, has executed and delivered this Bond Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, alienate, assign, pledge, set over and confirm unto the Bond Trustee, and to its successors and assigns forever, all and singular the following described property, franchises and income:
A. All right, title and interest in Obligation No. 16, including the right to enforce Obligation No. 16 under the Master Indenture, and all sums payable thereunder and in respect of the 2008 Bonds collateralized thereby.

B. All Pledged Funds and moneys and investments therein (except for moneys deposited with or paid to the Bond Trustee for the redemption of 2008 Bonds, notice of the redemption of which has been duly given, the lien upon which shall be solely for the benefit of the holders of the 2008 Bonds to be redeemed or paid with said moneys) and any other moneys payable to the Bond Trustee by or for the account of the Issuer pursuant to Obligation No. 16 and this Bond Indenture, subject only to the provisions of this Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Indenture.

C. Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated, and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent in favor of the Bond Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

(b) In order to secure, for the benefit of the Holders of the 2008 Bonds to which Section 148(f) of the Code applies, the payment of amounts required to be paid to the United States of America under Section 148(f) of the Code, the Issuer does hereby transfer to and grants a lien and security interest in favor of the Bond Trustee for the benefit of the United States Treasury, on the Rebate Fund and all money and investments credited thereto, which amounts are to be used solely as herein provided.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Bond Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all owners of the 2008 Bonds issued under and secured by this Bond Indenture without privilege, priority or distinction as to the lien or otherwise of any of the 2008 Bonds over any other of the 2008 Bonds except as specifically provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the 2008 Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the 2008 Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Sinking Fund Account of the Bond Fund and the Interest Account of the Bond Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Bond Trustee the entire amount due or to become due thereon, or certain securities as herein permitted, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Bond Indenture to be kept, performed and observed by it, and shall pay or cause to be
paid to the Bond Trustee, all sums of money due or to become due to it in accordance with the terms and provisions hereof, or provision for such payment shall have been made in accordance with the provisions of this Bond Indenture, and all other sums payable under this Bond Indenture shall have been paid or provided for as required in this Bond Indenture, then this Bond Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Bond Indenture to be and remain in full force and effect.

THIS BOND INDENTURE FURTHER WITNESSETH and it is expressly declared, that all 2008 Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights, interests and revenues and funds hereby pledged and assigned are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Bond Trustee and with the respective owners from time to time of the 2008 Bonds as follows:

ARTICLE I

DEFINITIONS; BOND INDENTURE TO CONSTITUTE CONTRACT

Section 1.01. Definitions. All words and phrases not otherwise defined herein shall have the same meanings as assigned to such words and phrases in the Master Indenture. In addition the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:


“Authorized Denominations” means $5,000 or any integral multiple thereof.

“Authorized Issuer Representative” means the officer of the Issuer which shall be evidenced as such Authorized Issuer Representative to the Bond Trustee by certification signed by the Chairman of the Board of Commissioners. Such certificate may designate an alternate or alternates who shall have the same authority and powers as the Authorized Issuer Representative.

“Bank of America Loan Agreement” means the Loan Agreement dated as of March 1, 2008 between the Issuer and Bank of America, N.A. pursuant to which the Other Outstanding Debt was incurred.

“Board of Commissioners” means the Board of Commissioners of the Issuer.

“Bond Counsel” means Counsel which shall be nationally recognized as experienced in matters pertaining to the validity of obligations issued by governmental issuers and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, selected by the Issuer and not unacceptable to the Bond Trustee.

“Bond Fund” means the Bond Fund, including the Interest Account, Principal Account and Sinking Fund Account therein created pursuant to Section 5.02 hereof.
“Bond Indenture” means this Bond Indenture, dated as of May 1, 2008 between the Issuer
and the Bond Trustee, as supplemented and amended from time to time, as permitted herein.

“Bond Register” means the books maintained and kept by the Bond Registrar for
registration and transfer of 2008 Bonds pursuant to Section 2.06 hereof.

“Bond Registrar” means the Bond Trustee acting as Bond Registrar with respect to 2008
Bonds pursuant to Section 2.06 hereof.

“Bond Trustee” means U.S. Bank National Association, a national banking association
organized and existing under the laws of the United States of America and authorized to accept
and administer the trusts created hereby, as trustee under this Bond Indenture, and any of its
successors and assigns.

“Bond Year” means the period commencing on the first day of May of any year and
ending on the last day of April of the following year.

“Bondholder” or “holder” or “owner” of 2008 Bonds means the registered owner of any
2008 Bond.

“Business Day” means any day other than a Saturday, Sunday or other day on which the
New York Stock Exchange is closed or on which banks are authorized or required by law or
executive order to be closed in any of the City of Miami, Florida, the City of New York, New
York or any other municipality in which the payment or principal offices of the Bond Trustee is
located.

“Chairman” means the Chairman of the Board of Commissioners or in his absence or
unavailability, the Vice-Chairman of the Board of Commissioners.

“Closing Date” means the date of delivery of the 2008 Bonds to the Underwriters, against
payment therefor.

“Code” means the Internal Revenue Code of 1986, as from time to time amended, and
any regulations promulgated thereunder which are applicable to the 2008 Bonds, including
without limitation any Treasury Regulations or Temporary or Proposed Regulations, as the same
shall from time to time be amended including (until modified, amended or superseded) Treasury
Regulations or Temporary or Proposed Regulations under the Internal Revenue Code of 1954, as
amended.

“Counsel” means an attorney or firm of attorneys.

“Counsel’s Opinion” means an opinion signed by any Counsel.

“Deposit Date” means with respect to the payment of interest into the Interest Account,
the fifth Business Day preceding each Interest Payment Date, and with respect to the payment of
principal and/or Sinking Fund Requirements into the Principal Account or the Sinking Fund
Account, the fifth Business Day preceding the first day of each February, May, August and
November.
“District” or “Issuer” means the South Broward Hospital District, a special tax district located in Broward County and duly organized, created and existing under the laws of the State of Florida.

“Eligible Investments” means, for purpose of moneys held by the Bond Trustee in the funds and accounts held under this Bond Indenture, to the extent permitted by law, (i) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; (ii) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): U.S. Export-Import Bank (Eximbank) - direct obligations or fully guaranteed certificates of beneficial ownership; Farmers Home Administration (FmHA) - certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration - participation certificates; Government National Mortgage Association (GNMA or “Ginnie Mae”) - GNMA - guaranteed mortgage-backed bonds, GNMA - guaranteed pass-through obligations; U.S. Maritime Administration - Guaranteed Title XI financing; U.S. Department of Housing and Urban Development (HUD) - project notes, local authority bonds, new communities debentures - U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds; (iii) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): Federal Home Loan Bank System - senior debt obligations, Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) - Participation Certificates, Senior debt obligations, Federal National Mortgage Association (FNMA or “Fannie Mae”) - mortgage-backed securities and senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; Farm Credit System - consolidated systemwide bonds and notes; (iv) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody’s rated Aaa, Aa1 or Aa2; (v) certificates of deposit secured at all times by collateral described in (i) and/or (ii) above (such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks; the collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral); (vi) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including BIF and SAIF; (vii) investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements; (viii) commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1” or better by S&P; (ix) bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies; (x) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime - 1” or “A3” or better by Moody’s and “A-1” or “A” or better by S&P; (xi) repurchase agreements (“Repos”) for 30 days or less must follow the following criteria:
Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the Issuer and a dealer bank or securities firm
   (a) Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and Moody’s, or
   (b) Banks rated “A” or above by S&P and Moody’s.

2. The written Repo contract must include the following:
   (c) Securities which are acceptable for transfer are:
      (1) Direct U.S. governments, or
      (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
   (d) The term of the Repo may be up to 30 days
   (e) The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
   (f) Valuation of Collateral
      (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
      (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the Issuer:
   (g) Repo meets guidelines under state law for legal investment of public funds.

   “Event of Default” means those defaults specified as such in Section 9.01 hereof.
“Expense Fund” means the Expense Fund created by Section 4.01 hereof.

“Favorable Opinion of Bond Counsel” means, with respect to any action relating to the 2008 Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel to the effect that such action is permitted under the Bond Indenture and will not impair the exclusion of interest on the 2008 Bonds from gross income for purposes of federal income taxation.

“Federal Securities” means direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

“Fifth Supplemental Indenture” means the Fifth Supplemental Indenture dated as of the February 1, 2003 between the Issuer and the Original Trustee supplementing the 1991 Indenture.

“Fiscal Year” means a period of twelve consecutive months commencing on the first day of May of any year and ending on the last day of April of the following year, both inclusive; or such other consecutive twelve-month period as may hereafter be established as the fiscal year of the issuer for budgeting and accounting purposes to be evidenced, for purposes hereof, by a certificate of the Authorized Issuer Representative filed with the Bond Trustee.

“Fourth Supplemental Indenture” means the Fourth Supplemental Indenture dated as of February 1, 2003 between the Issuer and the Original Trustee supplementing the 1991 Indenture.

“Funds” means the Expense Fund, the Bond Fund and the Redemption Fund, all as established and created hereunder, and, if required, any accounts or subaccounts therein.

“Gross Revenues” shall have the same meaning as ascribed to such term in the Master Trust Indenture.

“Hospital Facilities” means all facilities of the Issuer and the Obligated Group, all additions, improvements, extensions, alterations, and appurtenances thereto, all equipment used in connection therewith, and all real property upon which the same are located, whether now existing or hereafter installed, constructed or acquired.

“Interest Account” means the Interest Account in the Bond Fund created in Section 5.02 hereof.

“Interest Payment Date” means each May 1 and November 1, or if any May 1 or November 1 is not a Business Day, the next succeeding Business Day, commencing on November 1, 2008.

“Issuer” means the South Broward Hospital District, its successors and assigns, including any public entity resulting from or surviving any consolidation or merger.

“Lender” means Bank of America, N.A. as lender under the Bank of America Loan Agreement.
“Loan Agreements” means collectively, (i) the Loan Agreement dated as of April 23, 1998, as amended, between the Issuer and SunTrust Bank, South Florida National Association (n/k/a SunTrust Bank) pursuant to which the 1998 Certificate was issued, (ii) the Loan Agreement dated as of October 20, 2000, as amended, between the Issuer and First Union National Bank (n/k/a Wachovia Bank, National Association) pursuant to which the 2000 Certificate was issued, and (iii) the Loan Agreement dated as of November 8, 2001, as amended, between the Issuer and First Union National Bank (n/k/a Wachovia Bank, National Association) pursuant to which the 2001 Certificate was issued, in the case of each such Loan Agreement, as the same has been or may be amended and supplemented from time to time in accordance with its terms.

“Master Indenture” means the Master Trust Indenture together with Supplemental Indenture No. 16.

“Master Trust Indenture” means the Master Trust Indenture dated as of September 1, 2003 between the Issuer, as representative of the Obligated Group, and the Master Trustee, as supplemented from time to time.

“Master Trustee” means U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee under the Master Trust Indenture, and its successors in trust thereunder.

“Moody’s” means Moody’s Investors Service, a New York corporation and its successors and assigns.

“1991 Indenture” means the Trust Indenture dated as of August 1, 1991 between the Issuer and the Original Trustee.

“Notice Address” means:

(a) As to the Issuer: South Broward Hospital District
d/b/a Memorial Healthcare System
3501 Johnson Street
Hollywood, Florida 33021
Attention: Senior Vice President and Chief Financial Officer
Telephone: (954) 967-2995
Facsimile: (954) 985-7249

(b) As to the Bond Trustee: U.S. Bank National Association
500 West Cypress Creel Road
Suite 560
Ft. Lauderdale, Florida 33309
Attention: Corporate Trust Department
Telephone: (954) 776-2296
Facsimile: (954) 776-2629
“Obligated Group” means the Obligated Group under the Master Trust Indenture which, initially, includes only the Issuer.

“Obligated Group Agent” means the Issuer.

“Obligation No. 16” means the Obligation issued under the Master Trust Indenture pursuant to Supplemental Indenture No. 16.

“Original Trustee” means Wachovia Bank, National Association (formerly, First Union National Bank of Florida), as trustee under the 1991 Indenture.

“Outstanding” means, as of any particular time, all 2008 Bonds of any series which have been duly authenticated and delivered by the Bond Trustee under this Bond Indenture, except:

(a) 2008 Bonds theretofore cancelled by the Bond Trustee or delivered to the Bond Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) 2008 Bonds for the payment or redemption of which cash funds or United States Treasury Obligations, to the extent described in Section 8.01 hereof shall have been theretofore deposited with the Bond Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such 2008 Bonds are to be redeemed prior to the maturity thereof, irrevocable notice of such redemption shall have been given or arrangements satisfactory to the Bond Trustee shall have been made therefor, or irrevocable waiver of such notice satisfactory in form to the Bond Trustee, shall have been filed with the Bond Trustee; and

(c) 2008 Bonds in lieu of which other 2008 Bonds have been authenticated under Sections 2.07 and 2.08 hereof.

“Other Outstanding Debt” means the aggregate principal amount outstanding under the Bank of America Loan Agreement as of the date hereof.

“Outstanding Prior Indebtedness” means, as of the date hereof; the Outstanding 2003A Bonds; the Outstanding 2003B Bonds; the Outstanding 2006 Bonds; the Outstanding 2007 Bonds; the outstanding portion of the Hospital Revenue Certificate Series 1998 of the Issuer originally issued in the principal amount of $10,000,000 on April 23, 1998; the outstanding portion of the Hospital Revenue Certificate, Series 2000 of the Issuer originally issued in the principal amount of $10,000,000 on October 20, 2000; the outstanding portion of the Hospital Revenue Certificate, Series 2001 of the Issuer originally issued in the principal amount of $10,000,000 on November 8, 2001 and the Other Outstanding Debt.

“Participant” means a member of or a participant in the Securities Depository.

“Paying Agent” means the Bond Trustee or any other bank or trust company designated by the Issuer as Paying Agent pursuant to Section 12.11 hereof.
“Payment Date” means each Interest Payment Date or any other date on which any principal of or interest on any 2008 Bond is due and payable for any reason, including without limitation upon any redemption of 2008 Bonds pursuant to Section 3.03.

“Person” includes an individual, association, unincorporated organization, corporation, partnership, joint venture, business trust or a government or agency or a political subdivision thereof or other entity.

“Pledged Funds” means collectively the Bond Fund (including the accounts therein), Redemption Fund, and Expense Fund, and any other Funds or accounts permitted by, established under, or identified in this Bond Indenture (except the Rebate Fund) as pledged to the payment of principal of and interest on the 2008 Bonds.

“Principal Account” means the Principal Account in the Bond Fund created in Section 5.02 hereof.

“Principal Office” means, with respect to the Bond Trustee, the address of such Person identified as its Notice Address in this Bond Indenture otherwise notified in writing by such Person to the Issuer and the Bond Trustee.

“Principal Payment Date” means, (i) with respect to Serial Bonds, the Stated Maturity thereof, and (ii) with respect to Term Bonds, each May 1 for which Sinking Fund Requirements are provided in Section 3.03(b).

“Rating Agency” means, as of any date, each of Moody’s, if 2008 Bonds are then rated by Moody’s, and S&P, if 2008 Bonds are then rated by S&P.

“Rating Category” means a generic securities rating category, without regard, in the case of a long-term rating category, to any refinement or gradation of such long-term rating category by a numerical modifier or otherwise.

“Rebate Fund” means the Rebate Fund created pursuant to Section 5.12 hereof.

“Record Date” means the 15th day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“Redemption Date”, when used with respect to any 2008 Bond to be redeemed, means the date fixed for such redemption as to which notice has been given to the Bond Trustee as contemplated by Section 3.05 hereof.

“Redemption Fund” means the Redemption Fund created by Section 5.02 hereof.

“Redemption Price” means, with respect to any 2008 Bonds or a portion thereof, the principal amount of such 2008 Bonds or portion thereof payable upon redemption thereof in the manner contemplated in accordance with their terms and the terms of this Bond Indenture.

“Refunded Debt” means, all of the Other Outstanding Debt.
“Secretary-Treasurer” means the Secretary-Treasurer of the Board of Commissioners, or in his absence or unavailability, any member of the Board of Commissioners as may be authorized to act in his place.

“Securities Depository” means The Depository Trust Company and its successors and assigns or, if the then Securities Depository resigns from its functions as depository of the 2008 Bonds or is no longer able to act in such capacity, or is replaced by the Issuer pursuant to Section 2.04(c), any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the 2008 Bonds and which is selected by the Issuer with notice to the Issuer and the Bond Trustee.


“Serial Bonds” means 2008 Bonds which are stated to be payable by their terms in consecutive annual installments.

“Sinking Fund Account” means the Sinking Fund Account in the Bond Fund created under Section 5.02 hereof.

“Sinking Fund Requirement” means, with respect to Term Bonds of any series and for any Bond Year, the principal amount fixed or computed as hereinafter provided for the retirement of such Term Bonds by purchase or redemption on the next mandatory redemption date.

“Special Record Date” means a special date fixed to determine the names and addresses of holders of 2008 Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest.


“Stated Maturity” shall have the meaning ascribed to such term as set forth in Section 2.03(c).

“Supplemental Indenture No. 16” means the Supplemental Indenture for Obligation No. 16, dated as of May 1, 2008, between the Obligated Group and the Master Trustee.


“Term Bonds” means the 2008 Bonds maturing on May 1, in the years 2022, 2028 and 2036.

“Third Supplemental Indenture” means the Third Supplemental Trust Indenture dated as of February 1, 2002 between the Issuer and the Original Trustee supplementing and amending the 1991 Indenture.
“Trust Estate” means the property pledged, assigned or mortgaged to the Bond Trustee pursuant to the granting clauses hereof.

“2003A Bonds” means the Issuer’s Hospital Refunding Revenue Bonds, Series 2003A issued under the 1991 Indenture as supplemented and amended by the Fourth Supplemental Indenture and secured under the Master Trust Indenture in the original aggregate principal amount of $39,945,000 of which $20,375,000 aggregate principal amount is currently outstanding.

“2003B Bonds” means the Issuer’s Hospital Refunding Revenue Bonds, Series 2003B issued under the 1991 Indenture as supplemented and amended by the Fourth Supplemental Indenture and secured under the Master Trust Indenture in the original aggregate principal amount of $5,065,000 of which $3,135,000 aggregate principal amount is currently outstanding.

“2006 Bonds” means the Issuer’s $120,000,000 Hospital Revenue and Refunding Revenue Bonds, Series 2006 (South Broward Hospital District Obligated Group) all of which are currently outstanding.

“2007 Bonds” means the Issuer’s $112,745,000 Hospital Refunding Revenue Bonds, Series 2007 (South Broward Hospital District Obligated Group), all of which are currently outstanding.

“2008 Bonds” means the Issuer’s $156,575,000 Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group).

“Underwriters” means with respect to the 2008 Bonds, collectively, UBS Securities LLC, Banc of America Securities LLC and Siebert Brandford Shank & Co., LLC.

“United States Government Obligations” means the obligations described in clauses (i) and (ii) of the definition of “Eligible Investment” (excluding GNMA-guaranteed mortgage-backed bonds and GNMA-guaranteed pass-through obligations) and any other direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America, including the interest portion of obligations of the Resolution Funding Corporation to the extent so guaranteed.

Section 1.02. Bond Indenture to Constitute Contract. In consideration of the purchase and acceptance of any or all of the 2008 Bonds by those who shall own the same from time to time, the provisions of this Bond Indenture shall be part of the contract of the Issuer with the owners of the 2008 Bonds, and shall be deemed to be and shall constitute contracts among the Issuer, the Bond Trustee and the owners from time to time of the 2008 Bonds. The pledge made in this Bond Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the owners of any and all of the 2008 Bonds, except as specifically provided herein. All of the 2008 Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the 2008 Bonds over any other thereof, except as expressly provided in or pursuant to this Bond Indenture.
[END OF ARTICLE I]
ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF 2008 BONDS

Section 2.01. Authorized Amount of 2008 Bonds. No 2008 Bonds may be issued under this Bond Indenture except in accordance with this Article.

Section 2.02. All 2008 Bonds Equally and Ratably Secured by Trust Estate Except as Expressly Provided Herein; Limited Obligation of 2008 Bonds and Pledges Securing the Same.

All 2008 Bonds issued under this Bond Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of the 2008 Bonds, so that all 2008 Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Bond Indenture, and shall all be equally and ratably secured hereby except as otherwise expressly provided herein.

The 2008 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitations of the laws of the State of Florida. The 2008 Bonds do not directly, indirectly or contingently obligate the Issuer, Broward County, the State of Florida or any political subdivision thereof to levy or to pledge any form of taxation therefor or to make any appropriations for their payment and such 2008 Bonds do not and shall not constitute a charge against the general credit or taxing powers of the Issuer, Broward County, the State of Florida or any political subdivision thereof. The Issuer shall not be obligated to pay principal of or interest on the 2008 Bonds except from the Trust Estate.

Section 2.03. Authorization and Terms of 2008 Bonds.

(a) There is hereby authorized to be issued hereunder and secured hereby an issue of bonds designated as the “Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group)”, in the aggregate principal amount of $156,575,000 for the purpose of providing funds to (i) pay prior to maturity the Refunded Debt, and (ii) pay the costs of issuance of the 2008 Bonds.

(b) Dates. The 2008 Bonds shall be dated their date of delivery and shall bear interest from their date or from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after a Record Date and on or before the next succeeding Interest Payment Date, in which event the 2008 Bonds shall bear interest from and including such Interest Payment Date, or unless such date of authentication is prior to the Record Date with respect to the first Interest Payment Date, in which event the 2008 Bonds shall bear interest from the Closing Date; provided, however, that if, at the time of authentication of any 2008 Bond, interest is in default or overdue thereon, such 2008 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or, if no interest has been paid, such 2008 Bond shall bear interest from the Closing Date.

(c) Maturities. The 2008 Bonds shall be issued in the following amounts, to mature on May 1 in the respective years set forth below (each, a “Stated Maturity”), subject to the right
of prior redemption as set forth in Article III hereof, and to bear interest at the following interest rates:

<table>
<thead>
<tr>
<th>Year of Maturity</th>
<th>Interest Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4.00%</td>
<td>$1,580,000</td>
</tr>
<tr>
<td>2010</td>
<td>5.00</td>
<td>1,655,000</td>
</tr>
<tr>
<td>2011</td>
<td>5.00</td>
<td>1,695,000</td>
</tr>
<tr>
<td>2012</td>
<td>5.00</td>
<td>1,685,000</td>
</tr>
<tr>
<td>2013</td>
<td>5.00</td>
<td>1,770,000</td>
</tr>
<tr>
<td>2014</td>
<td>5.00</td>
<td>4,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>4.00</td>
<td>1,455,000</td>
</tr>
<tr>
<td>2017</td>
<td>4.00</td>
<td>1,400,000</td>
</tr>
<tr>
<td>2022*</td>
<td>5.25</td>
<td>8,180,000</td>
</tr>
<tr>
<td>2028*</td>
<td>5.00</td>
<td>30,270,000</td>
</tr>
<tr>
<td>2036*</td>
<td>5.00</td>
<td>102,885,000</td>
</tr>
</tbody>
</table>

* Term Bonds.

Except as to any differences in the maturities thereof or in the rate or rates of interest thereon or the provisions for redemption thereof, the 2008 Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Bond Indenture as all other 2008 Bonds issued under the Bond Indenture.

(d) **Denominations and Form.** The 2008 Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof and shall be substantially in the form of Exhibit B to this Bond Indenture with such appropriate variations, omissions and insertions as are permitted or required by this Bond Indenture.

Section 2.04. **Global Form: Securities Depository.**

(a) Except as otherwise provided in this Section, the 2008 Bonds shall be issued in the form of one typewritten bond certificate for each Stated Maturity of the 2008 Bonds in the aggregate principal amount of each such Stated Maturity. Each 2008 Bond certificate shall be registered in the name of the Securities Depository or its nominee and ownership thereof shall be maintained in book-entry form by the Securities Depository for the account of the Participants. Initially, each Bond shall be registered in the name of CEDE & Co., as the nominee of The Depository Trust Company. Except as provided in subsection (c) of this Section, the 2008 Bonds may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository or to a successor Securities Depository selected by the Issuer with prior notice to the Issuer and the Bond Trustee or to a nominee of such successor Securities Depository. Each 2008 Bond certificate shall bear a legend substantially to the following effect: “Except as otherwise provided in the Bond Indenture, this 2008 Bond may be transferred, in whole but not in part, only to another nominee of the Securities Depository (as defined in the Bond Indenture) or to a successor Securities Depository or to a nominee of a successor Securities Depository”.

(b) The Issuer and the Bond Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Securities Depository or any Participant with respect to any beneficial ownership interest in the 2008 Bonds, (ii) the delivery to any Participant, beneficial owner of the 2008 Bonds or other Person, other than the Securities Depository, of any notice with respect to the 2008 Bonds or (iii) the payment to any Participant, beneficial owner of the 2008 Bonds or other Person, other than the Securities Depository, of any amount with respect to the principal or interest on the 2008 Bonds. So long as the certificates for the 2008 Bonds issued under this Bond Indenture are not issued pursuant to subsection (c) of this Section the Issuer and the Bond Trustee may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner of such 2008 Bonds for all purposes whatsoever, including, without limitation, (i) the payment of principal and interest on 2008 Bonds, (ii) giving notices of redemption and other matters with respect to the 2008 Bonds and (iii) registering transfers with respect to the 2008 Bonds.

(c) If at any time the Securities Depository notifies the Issuer or the Bond Trustee that it is unwilling or unable to continue as Securities Depository with respect to any or all of the 2008 Bonds or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation, the Issuer may as promptly as possible select a successor Securities Depository and provide notice thereof to the Issuer and the Bond Trustee. If a successor Securities Depository is not appointed by the Issuer within 45 days after the Issuer receives notice or becomes aware of such condition, as the case may be, the provisions of subsections (a) and (b) above shall no longer be applicable and the Issuer shall execute and the Bond Trustee shall authenticate and deliver certificates representing the Bonds as provided below. Certificates for the 2008 Bonds issued in exchange for a 2008 Bond pursuant to this subsection (c) shall be registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Issuer and the Bond Trustee. The Bond Trustee shall promptly deliver such certificates representing the 2008 Bonds to the Persons in whose names such 2008 Bonds are so registered.

Section 2.05. Execution of 2008 Bonds. The 2008 Bonds shall be executed in the name and on behalf of the Issuer by the manual or facsimile signature of the Chairman of the Issuer and its corporate seal or a facsimile thereof shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon and the 2008 Bonds shall be attested by the manual or facsimile signature of the Secretary-Treasurer to the Issuer. Any 2008 Bond may be signed (manually or by facsimile), sealed or attested on behalf of the Issuer by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office.

Section 2.06. Registration, Transfer and Exchange of 2008 Bonds; Persons Treated as Owners. The Issuer shall cause books for the registration and for the transfer of the 2008 Bonds as provided in this Bond Indenture to be kept by the Bond Trustee which is hereby appointed the Bond Registrar for the 2008 Bonds. Upon surrender for transfer of any 2008 Bond at the principal corporate trust office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing, the Issuer shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered 2008 Bond or 2008 Bonds in any
Authorized Denomination or Authorized Denominations of the same series, the maturity and interest rate.

2008 Bonds may be exchanged at the designated corporate trust office of the Bond Registrar for a like aggregate principal amount of fully registered 2008 Bonds of the same series, maturity and interest rate in Authorized Denominations. The Issuer shall execute and the Bond Trustee shall authenticate and deliver 2008 Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding.

The Bond Registrar shall not be required to transfer or exchange any 2008 Bond during the period commencing on the Record Date and ending on the related Interest Payment Date or, in the case of any proposed redemption of 2008 Bonds, during the period fifteen (15) days next preceding the Redemption Date as herein provided for any 2008 Bond selected for redemption.

As to any 2008 Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal or interest on any fully registered 2008 Bond shall be made only to or upon the written order of the registered owner thereof or his legal representative 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 2008 Bond to the extent of the sum or sums paid.

Any Bondholder requesting exchange or transfer prior to such exchange or transfer shall pay any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Section 2.07. Lost, Stolen, Destroyed and Mutilated 2008 Bonds. Upon receipt by the Issuer and the Bond Registrar of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any 2008 Bond and, in the case of a lost, stolen or destroyed 2008 Bond, of indemnity satisfactory to them, and upon surrender and cancellation of the 2008 Bond, if mutilated, (i) the Issuer shall execute, and the Bond Trustee shall authenticate and deliver, a new 2008 Bond of the same maturity and denomination in lieu of such lost, stolen, destroyed or mutilated 2008 Bond or (ii) if such lost, stolen, destroyed or mutilated 2008 Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new 2008 Bond as aforesaid, the Issuer may pay such 2008 Bond. Any such new 2008 Bond shall bear a number not contemporaneously outstanding. The applicant for any such new 2008 Bond may be required to pay all expenses and charges of the Issuer and of the Bond Registrar in connection with the issuance of such 2008 Bond. All 2008 Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen 2008 Bonds, negotiable instruments or other securities.

Section 2.08. Delivery of 2008 Bonds. Upon the execution and delivery of this Bond Indenture, the Issuer shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the 2008 Bonds and, upon payment of the purchase price therefor by the Underwriters and delivery of the documents referred to below, deliver them to the Securities Depository, upon the order of the Underwriters.
Prior to the delivery by the Bond Trustee of any of the 2008 Bonds, there shall have been filed with or delivered to the Bond Trustee the following:

A. A resolution duly adopted by the Issuer, certified by an Authorized Issuer Representative, authorizing the issuance of the 2008 Bonds, the refunding of the Refunded Bonds, the execution and delivery of the Supplemental Indenture No. 16, this Bond Indenture and other documents relating to the issuance of the 2008 Bonds.

B. A duly executed copy of this Bond Indenture.

C. A duly executed copy of the Master Trust Indenture.

D. A duly executed copy of Supplemental Indenture No. 16.

E. The duly executed and authenticated Obligation No. 16.

F. The executed 2008 Bonds.

G. The approving Opinion of Bond Counsel.

H. The opinion of counsel to the Issuer.

I. The written order of the Issuer as to the delivery of the 2008 Bonds, signed by an Authorized Issuer Representative.

The proceeds of the 2008 Bonds (net of underwriters’ discount) and all other moneys, if any, shall be applied as provided in Article IV hereof.

Section 2.09. Bond Trustee’s Authentication Certificate. The Bond Trustee’s authentication certificate upon the 2008 Bonds shall be substantially in the form and tenor provided in Exhibit B hereof. No 2008 Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Bond Trustee; and such certificate of the Bond Trustee upon any 2008 Bond shall be conclusive evidence and the only competent evidence that such 2008 Bond has been authenticated and delivered hereunder. The Bond Trustee’s certificate of authentication shall be deemed to have been duly executed by it if manually signed by an authorized representative of the Bond Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the 2008 Bonds issued hereunder.

Section 2.10. Other Obligations. So long as any 2008 Bonds are Outstanding, the Issuer hereby covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a lien on all or any part of the Trust Estate established and created by or pursuant to this Bond Indenture, except to the extent that the Issuer may incur indebtedness which under the Master Trust Indenture is evidenced by an obligation or obligations issued under the Master Trust Indenture which obligation or obligations may be secured on a parity with Obligation No. 16 pursuant to the terms of the Master Trust Indenture.
Section 2.11. Cancellation and Destruction of 2008 Bonds by the Bond Trustee. Whenever any outstanding 2008 Bonds shall be delivered to the Bond Trustee for the cancellation thereof pursuant to this Bond Indenture, upon payment of the principal amount or interest represented thereby, or for replacement pursuant to Section 2.07 hereof, such 2008 Bonds shall be promptly cancelled by the Bond Trustee and disposed of in accordance with the Bond Trustee’s custom and practice. Evidence of such disposition shall be furnished to the Issuer at least annually.

Section 2.12. Temporary 2008 Bonds. Pending the preparation of definitive 2008 Bonds, the Issuer may execute and the Bond Trustee shall authenticate and deliver temporary 2008 Bonds. Temporary 2008 Bonds shall be issuable as fully registered 2008 Bonds without coupons, of any authorized denomination, and substantially in the form of the definitive 2008 Bonds but with such omissions, insertions and variations as may be appropriate for temporary 2008 Bonds, all as may be determined by the Issuer. Every temporary 2008 Bond shall be executed by the Issuer and be authenticated by the Bond Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive 2008 Bonds. As promptly as practicable the Issuer shall execute and shall furnish definitive 2008 Bonds and thereupon temporary 2008 Bonds may be surrendered in exchange therefor without charge at the principal corporate trust office of the Bond Trustee, and the Bond Trustee shall authenticate and deliver in exchange for such temporary 2008 Bonds a like aggregate principal amount of definitive 2008 Bonds, until so exchanged, the temporary 2008 Bonds shall be entitled to the same benefits under this Bond Indenture as definitive.

[END OF ARTICLE II]
ARTICLE III

REDEMPTION AND OTHER 2008 BOND PROVISIONS

Section 3.01. Interest on 2008 Bonds.

(a) Payment of Interest. Interest on the 2008 Bonds shall be paid on each Interest Payment Date, any applicable redemption date and on the applicable Stated Maturity date therefor.

(b) Interest Accrual. Interest on the 2008 Bonds shall accrue on the basis of a 360-day year based on twelve 30-day months.

Section 3.02. Method and Place of Payment. The principal of and interest on any 2008 Bonds shall be payable in lawful money of the United States of America. Such amounts shall be paid by the Bond Trustee on the applicable Payment Dates by check mailed by the Bond Trustee to the respective holders thereof on the applicable Record Date at their addresses as they appear as of the close of business on the applicable Record Date in the books kept by the Bond Trustee, as bond registrar, except that in the case of such a holder of $1,000,000 or more in aggregate principal amount of such 2008 Bonds, upon the written request of such holder to the Bond Trustee made at least five (5) days prior to the relevant Record Date, specifying the account or accounts to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable Payment Date following such Record Date. Any request referred to in the preceding sentence shall remain in effect until revoked or revised by such holder by an instrument in writing delivered to the Bond Trustee.

Section 3.03. Redemption of 2008 Bonds.

The 2008 Bonds shall be subject to redemption prior to maturity as follows:

(a) Optional Redemption of 2008 Bonds. The 2008 Bonds maturing after May 1, 2018 are subject to redemption at the option and direction of the Issuer, on or after May 1, 2018, prior to their Stated Maturity, in whole or in part at any time, and if in part in such order of maturities and in such proportions within a maturity as may be directed by an Authorized Issuer Representative on behalf of the Issuer, at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

(b) Mandatory Sinking Fund Redemption. The 2008 Bonds consisting of Term Bonds maturing in the years 2022, 2028 and 2036 shall be redeemed in part on May 1 in each year listed below from amounts deposited in the Sinking Fund Account, commencing May 1, 2019, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest thereon to the redemption date, in the principal amount set forth below next to such year:
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<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
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<td>2029</td>
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<td>2024</td>
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<td>2030</td>
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<td>2032</td>
<td>3,810,000</td>
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<td></td>
<td></td>
<td>2036*</td>
<td>23,855,000</td>
</tr>
</tbody>
</table>

* Maturity

(c) **Extraordinary Optional Redemption of 2008 Bonds.** The 2008 Bonds shall also be subject to redemption, at the written direction of the Issuer, in whole or in part at any time, at the par value thereof plus accrued interest to the date fixed for redemption, in the event of damage to or destruction of, or condemnation of Property, from insurance proceeds in excess of $5,000,000 or condemnation proceeds in excess of $1,000,000 received by the Master Trustee pursuant to the terms and conditions as more particularly described in Section 3.04 of the Master Trust Indenture.

(d) **Credit for Non-Mandatory Redemption.** The requirements of Section 3.03(b) are subject, however, to the provision that any partial redemption of 2008 Bonds under Section 3.03(a) or under Section 3.03(c) shall reduce the mandatory scheduled redemption requirements of such 2008 Bonds pursuant to Section 3.03(b) as provided in this paragraph. In the event of a partial redemption of 2008 Bonds under Section 3.03(a) or Section 3.03(c), the Bond Trustee shall apply the principal amount of such 2008 Bonds redeemed against the next 2008 Bonds to be redeemed under Section 3.03(b).

Section 3.04. **Selection of Bonds to be Redeemed.**

In the case of any redemption in part of any 2008 Bonds, the 2008 Bonds to be redeemed under Section 3.03 shall be selected by the Bond Trustee, subject to any requirements of said Sections. A redemption of the 2008 Bonds shall be a redemption of the whole or of any part of the 2008 Bonds, provided, that there shall be no partial redemption of less than $5,000. If less than all the 2008 Bonds shall be called for redemption under any provision of this Bond Indenture permitting such partial redemption, the particular 2008 Bonds to be redeemed shall be selected by the Bond Trustee, in such manner as the Bond Trustee in its discretion may deem fair and appropriate; provided, however (a) that the portion of any 2008 Bond to be redeemed under any provision of this Bond Indenture shall be in the principal amount of $5,000 or any multiple thereof, (b) that, in selecting 2008 Bonds for redemption, the Bond Trustee shall treat each 2008 Bond as representing that number of 2008 Bonds which is obtained by dividing the principal amount of such 2008 Bond by $5,000 and (c) that, to the extent practicable, the Bond Trustee will not select any 2008 Bond for partial redemption if the amount of such 2008 Bond remaining Outstanding would be reduced by such partial redemption to less than the Authorized Denomination. If there shall be called for redemption less than all of a 2008 Bond, the Issuer shall execute and deliver and the Bond Trustee shall authenticate, upon surrender of such 2008
Bond, and at the expense of the Issuer and without charge to the owner thereof, a replacement 2008 Bond in the principal amount of the unredeemed balance of the 2008 Bond so surrendered.

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for the 2008 Bonds under Section 3.03(b), the Issuer may deliver to the Bond Trustee for cancellation 2008 Bonds of the appropriate maturity in any aggregate principal amount which have been purchased by the Issuer in the open market. Each 2008 Bond so delivered shall be credited by the Bond Trustee at 100% of the principal amount thereof against the mandatory scheduled redemption requirement for such 2008 Bonds on such mandatory redemption date; and any excess of such amount shall be credited against future mandatory scheduled redemption requirements in chronological order. The Issuer, will, on or before the 45th day preceding each mandatory scheduled redemption date, furnish the Bond Trustee with a certificate, signed by an Authorized Issuer Representative, stating the extent to which the provisions of the first sentence of this paragraph are to be availed of with respect to such mandatory redemption requirements for such mandatory redemption date; unless such certificate is so timely furnished to the Bond Trustee, the mandatory redemption requirements for such mandatory redemption date shall not be reduced under the provisions of this paragraph.

Section 3.05. Procedure and Notice of Redemption. In the event any of the 2008 Bonds are called for redemption, the Bond Trustee shall give notice, in the name of the Issuer, of the redemption of such 2008 Bonds, which notice shall (i) specify the 2008 Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Bond Trustee) and, if less than all of the 2008 Bonds are to be redeemed, the numbers of the 2008 Bonds, and the portions of the 2008 Bonds, so to be redeemed, (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the 2008 Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall accompany all redemption notices. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each holder of 2008 Bonds to be redeemed at its address shown on the registration books kept by the Bond Trustee; provided, however, that failure to give such notice to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other 2008 Bonds. The Bond Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered holder who has not submitted 2008 Bonds called for redemption 30 days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the 2008 Bonds and the Bond Trustee shall not be liable for any failure by the Bond Trustee to send any second notice.

Notwithstanding anything to the contrary contained herein, if any 2008 Bonds are to be redeemed and such 2008 Bonds are held by a Securities Depository, the Bond Trustee shall provide notice to the Securities Depository.

[END OF ARTICLE III]
ARTICLE IV

EXPENSE FUND AND APPLICATION OF BOND PROCEEDS

Section 4.01. Creation of Expense Fund. A special Fund is hereby created and designated “South Broward Hospital District 2008 Expense Fund” (herein sometimes called the “Expense Fund”) and shall be maintained under this Bond Indenture, to the credit of which such deposits of the proceeds of the 2008 Bonds shall be made.

The moneys in the Expense Fund shall be held by the Bond Trustee. The moneys in the Expense Fund shall be applied to the payment of the cost of issuance of the 2008 Bonds.

Section 4.02. Use of Expense Fund Moneys. Payment of the Cost of Issuance shall be made from the Expense Fund.

Section 4.03. Cost of Issuance. For the purposes of this Bond Indenture, the cost of issuance of the 2008 Bonds, may include the following:

(a) the reasonable fees and expenses of the Bond Trustee and its counsel for its services;

(b) legal and other consulting expenses and fees, financing charges, rating agency fees, operating and debt service reserves, expenses of recordation of legal instruments, costs of printing, costs of audits, costs of verification and of preparing and issuing the 2008 Bonds and payment of the Refunded Debt, and all other items of expense not elsewhere in this Section; and

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

Section 4.04. Payments from Expense Fund. Moneys in the Expense Fund shall be disbursed only upon the direction of an Authorized Issuer Representative or his designee, pursuant to a requisition signed by an Authorized Issuer Representative and presented to the Bond Trustee, substantially in the form of Exhibit B hereof, solely to pay the costs permitted under Section 4.03 hereof. Each withdrawal of funds from the Expense Fund initiated by the Issuer shall be deemed a representation of the Issuer that no Event of Default has occurred and is continuing at the time of such withdrawal. The Bond Trustee shall have no duty to review invoices or to verify that the person being paid pursuant to a requisition has performed the work or services.

Section 4.05. Disposition of 2008 Bond Proceeds. The Bond Trustee shall apply the net proceeds of the 2008 Bonds, as follows:

(i) $690,847.46 shall be deposited to the credit of the Expense Fund, and applied for the payment of costs related to the issuance of the 2008 Bonds; and
(ii) $152,979,332.29 shall be paid to the Lender to be applied to the payment of the principal of, and interest on the Refunded Debt.

[END OF ARTICLE IV]
ARTICLE V

REVENUES AND FUNDS

Section 5.01. Pledge of Trust Estate. The pledge made by this Bond Indenture shall be valid and binding from and after the time of the delivery by the Bond Trustee of the first 2008 Bonds authenticated and delivered under this Bond Indenture. The security so pledged and then or thereafter received by the Issuer shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made, shall, with respect to the Trust Estate, have priority over any or all other obligations and liabilities of the Issuer and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 5.02. Bond Fund; Redemption Fund; Creation of Accounts in Bond Fund and Redemption Fund. (a) In addition to the Expense Fund created and established under Article IV hereof the Issuer establishes and creates the following funds, which shall be special trust funds held by the Bond Trustee:

1. South Broward Hospital District 2008 Bond Fund (herein sometimes called the “Bond Fund”), in which there is established an Interest Account, a Principal Account and a Sinking Fund Account as provided below; and

2. South Broward Hospital District 2008 Redemption Fund (herein sometimes called the “Redemption Fund”).

The moneys in each of said Funds and the accounts therein shall be held in trust and applied as hereinafter provided with regard to each such Fund or account therein and, pending such application, shall be subject to a lien and charge in favor of the holders of the 2008 Bonds issued and Outstanding under this Bond Indenture and for the further security of such holders until paid out or transferred as herein provided. Each Fund shall be held by the Bond Trustee.

(b) For ease of accounting and administration, the Issuer hereby creates accounts or subaccounts in the Bond Fund established herein and the Issuer hereby directs the Bond Trustee to establish and maintain the following:

1. the Interest Account, to which shall be deposited and from which shall be disbursed the amounts required to be deposited to and disbursed from the Interest Account under this Bond Indenture in respect of the 2008 Bonds; and

2. the Principal Account, to which shall be deposited and from which shall be disbursed the amounts required to be deposited to and disbursed from the Principal Account under this Bond Indenture in respect of the 2008 Bonds which are Serial Bonds; and

3. the Sinking Fund Account, to which shall be deposited and from which shall be disbursed the amounts required to be deposited to and disbursed from the Sinking Fund Account under this Bond Indenture in respect of the Term Bonds.
(c) The Issuer covenants that it will pay or cause to be paid to the Bond Trustee for deposit, as herein provided, any payments on Obligation No. 16, all payments by the Issuer pursuant to Section 5.03 and all other moneys required or permitted to be deposited in the Bond Fund or Redemption Fund pursuant to this Bond Indenture and the Bond Trustee shall promptly upon the receipt thereof deposit such money, commencing on the following dates, to the credit of the following Funds and Accounts therein in the following order and amount, subject to credits as provided in this Article V:

(1) Beginning on the Deposit Date preceding the first Interest Payment Date, into the Interest Account, the interest then payable on the 2008 Bonds, and thereafter on each Deposit Date the interest then payable on the 2008 Bonds on the next ensuing Interest Payment Date.

(2) Beginning on the Deposit Date preceding August 1, 2008, into the Principal Account one-fourth (1/4) of the amount payable on May 1, 2009, as principal on the Serial Bonds by their corresponding Stated Maturity date and thereafter on each Deposit Date one-fourth (1/4) of the amount of Serial Bonds payable on the next ensuing Principal Payment Date.

(3) Beginning on each Deposit Date that is at least one year prior to each mandatory Redemption Date, and, thereafter each Deposit Date to but not including the Deposit Date immediately preceding the mandatory Redemption Date, into the Sinking Fund Account, one-fourth (1/4) of the amount required to retire annually any Term Bonds to be called by mandatory redemption in accordance with Section 3.03(b) of this Bond Indenture, and on the Principal Payment Date that is the Stated Maturity date of any Term Bonds.

Each of the payments required by paragraphs (1), (2) and (3) above shall be increased as may be necessary to make up any previous deficiency in any of the aforesaid payments and to make up any deficiency or loss in any of the above-mentioned Accounts except as otherwise provided in Article VII hereof; provided that any amount held by the Bond Trustee in any account of the Bond Fund on the first day of any month for the payment of the principal of or the interest on the 2008 Bonds (including amounts payable by operation of the Sinking Fund Account) shall, at the election of the Issuer, be credited against the amount then required to be paid.

To the extent that investment earnings are credited to the Interest Account, Principal Account or Sinking Fund Account in accordance with Section 7.01 hereof or amounts are credited thereto as a result of the application of proceeds of the 2008 Bonds or a transfer of surplus funds in the Expense Fund or a transfer of investment earnings on any other Fund or account therein, held by the Bond Trustee, or otherwise, future deposits to such accounts shall be reduced by the amount so credited.

(d) The Issuer further covenants that it will deposit with the Bond Trustee to the credit of the Redemption Fund, as received, all moneys required to be deposited to the credit of the Redemption Fund pursuant to this Bond Indenture.
The Issuer covenants that in the event the Issuer shall lease the Hospital Facilities or enter into an operating agreement with respect thereto, all revenues derived by the Issuer from the leasing or operating agreement will be assigned and pledged to the Master Trustee as security for the Issuer’s obligations under Obligation No. 16 and the Issuer shall direct and cause the lessee or operator to pay an amount of rent or other charges sufficient in amount to make the payments required under Obligation No. 16 directly to the Master Trustee.

Section 5.03. Application of Money in Interest Account. Subject to the requirements of Section 3.02 hereof with respect to wire transfers, prior to or on each Interest Payment Date or date upon which 2008 Bonds are to be redeemed or date on which overdue interest is to be paid in connection with the establishment of a Special Record Date as provided herein, the Bond Trustee shall withdraw from the Interest Account and set aside interest or deposit in trust with the Paying Agent and the Paying Agent shall remit by wire transfer, in the case of 2008 Bonds held at the Securities Depository or held by any registered owner of $1,000,000 original principal amount of 2008 Bonds that has requested payment by wire transfer pursuant to Section 3.02 hereof, and otherwise by mail on the Interest Payment Date to each holder of 2008 Bonds on such Interest Payment Date, all in accordance with the provisions of Section 3.02 hereof.

Section 5.04. Application of Money in Principal Account. Prior to or on each Principal Payment Date with respect to Serial Bonds, the Bond Trustee shall withdraw from the Principal Account and deposit in trust with the Paying Agent the amount then necessary to pay the principal amount of all Serial Bonds at their Stated Maturity.

If at any date there shall be money in the Principal Account and no Serial Bonds are Outstanding, the money therein shall be withdrawn by the Bond Trustee and deposited in the Sinking Fund Account to pay Term Bonds.

Section 5.05. Application of Money in Sinking Fund Account. Money held for the credit of the Sinking Fund Account shall be applied during each Bond Year to the retirement of Term 2008 Bonds then Outstanding as follows:

(a) At the direction of the Issuer, the Bond Trustee shall purchase and cancel Term Bonds or portions thereof then subject to redemption by operation of the Sinking Fund Account at the most advantageous price obtainable with reasonable diligence, such price not to exceed the face amount of such Term Bonds which would be payable on the next Principal Payment Date to the holders of such Term Bonds, if such Term Bonds or portions were to be called for redemption on such date, plus accrued interest to the date of purchase. The Bond Trustee shall pay the interest accrued on such Term Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price from the Sinking Fund Account, but no such purchase shall be made by the Bond Trustee from money in the Sinking Fund Account within the period of forty-five (45) days immediately preceding the next Principal Payment Date on which such Term Bonds are subject to redemption. The aggregate purchase prices of such Term Bonds so purchased shall not exceed the amount deposited in the Sinking Fund Account on account of the Sinking Fund Requirement for such Term Bonds; provided, however, that if in any Bond Year the amount held for the credit of the Sinking Fund Account plus the principal amount of all
Term Bonds purchased during such Bond Year pursuant to the provisions of this paragraph (a) exceeds the aggregate Sinking Fund Requirements for all Term Bonds then Outstanding for such Bond Year, the Bond Trustee shall endeavor to purchase any Term Bonds then Outstanding with such excess money;

(b) The Bond Trustee shall call for redemption on the next Principal Payment Date, as provided in Section 3.03(b) of this Bond Indenture, Term Bonds or portions thereof then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for such Term Bonds for such Bond Year, less the principal amount of any such Term Bonds retired by purchase pursuant to clause (a) of this Section. If the amount available in the Sinking Fund Account on such Principal Payment Date is not equal to the Sinking Fund Requirement for such Term Bonds for such Bond Year less the principal amount of any such Term Bonds so retired by purchase pursuant to clause (a) of this Section, the Bond Trustee shall apply the amount available in the Sinking Fund Account to the redemption of all such Term Bonds then subject to redemption on a pro rata basis. Such redemption shall be made pursuant to the provisions of Article III herein. If such Principal Payment Date is the Stated Maturity date of any such Term Bonds, the Bond Trustee shall not call such Term Bonds for redemption but, prior to or on such Stated Maturity date, shall withdraw from the Sinking Fund Account and deposit in trust with the Paying Agent the amount required for paying the principal of such Term Bonds when due and payable. Prior to or on each Principal Payment Date, the Bond Trustee shall withdraw from the Interest Account and the Sinking Fund Account and deposit in trust with the Paying Agent the respective amounts required for paying the interest on and the Redemption Price of the Term Bonds or portions thereof so called for redemption.

If, in any Bond Year, by the application of money in the Sinking Fund Account, the Bond Trustee should purchase and cancel Term Bonds in excess of the aggregate Sinking Fund Requirements for such Term Bonds for such Bond Year or there should be delivered to the Bond Trustee for cancellation on or before 60 days of the Principal Payment Date such Term Bonds in excess of the aggregate Sinking Fund Requirement for such Term Bonds for such Bond Year, the Bond Trustee shall file with the Issuer not later than the 55th day prior to the next Principal Payment Date on which Term Bonds are to be redeemed a statement identifying the Term Bonds purchased or delivered during such Bond Year and the amount of such excess. Not later than the 50th day prior to such Principal Payment Date, the Authorized Issuer Representative shall instruct the Bond Trustee in writing as to the Sinking Fund Requirements to which years the amount of such excess should be credited and are to be reduced and the amount by which the aggregate Sinking Fund Requirements are to be correspondingly reduced.

Upon the retirement of any Term Bonds by purchase or redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the Issuer a statement identifying such Term Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Term Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Term Bonds are required to be paid by the Issuer.

Section 5.06. Application of Money in the Redemption Fund. Money held for the credit of the Redemption Fund shall be applied to the purchase or redemption of 2008 Bonds, as follows:
(a) Subject to the provisions of paragraph (c) of this Section, at the direction of the Issuer, the Bond Trustee shall purchase and cancel 2008 Bonds or portions thereof, whether or not such 2008 Bonds or portions thereof shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the Redemption Price that would be payable on the next redemption date to the holder of such 2008 Bonds under the provisions of Article III of this Bond Indenture if such 2008 Bonds or portions thereof should be called for redemption on such date from the money in the Redemption Fund. The Bond Trustee shall pay the interest accrued on such 2008 Bonds or portions thereof to the date of settlement therefor from the Interest Account and the purchase price from the Redemption Fund, but no such purchase shall be made by the Bond Trustee from money in the Redemption Fund within the period of 45 days immediately preceding any Interest Payment Date on which such 2008 Bonds are being redeemed or are subject to redemption;

(b) Subject to the provisions of paragraph (c) of this Section, the Bond Trustee shall call for redemption and on each Interest Payment Date, in the case of the 2008 Bonds, such amount of the 2008 Bonds or portions thereof as will exhaust the money then held for the credit of the Redemption Fund as nearly as may be; provided, however, that not less than Fifty Thousand Dollars ($50,000) principal amount of 2008 Bonds shall be called for redemption at any one time. Such redemption shall be made pursuant to the provisions of Article III of this Bond Indenture. The Bond Trustee shall withdraw from the Interest Account and from the Redemption Fund and set aside in trust or deposit in trust with any other Paying Agent the respective amounts required for paying the interest on and the Redemption Price of the 2008 Bonds or portions thereof so called for redemption; and

(c) Money in the Redemption Fund shall be applied by the Bond Trustee in each Bond Year to the purchase, or the redemption, of 2008 Bonds then Outstanding in accordance with the most recent written instructions from the Authorized Issuer Representative designating the 2008 Bonds to be purchased or redeemed. The Bond Trustee shall select 2008 Bonds for purchase or redemption in the manner prescribed in Section 3.04 hereof. For purposes of this clause (c) Term Bonds shall be considered to mature on the Principal Payment Date in amounts equal to the aggregate Sinking Fund Requirement therefor.

Upon the retirement of any 2008 Bonds by purchase or redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the Issuer a statement identifying such 2008 Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2008 Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any such 2008 Bonds are required to be paid by the Issuer.

Section 5.07. Pledged Funds Pledged for Payments. Subject to the terms and conditions set forth in herein, moneys held for the credit of the Bond Fund shall be held in trust and disbursed by the Bond Trustee for (a) the payment of interest upon the 2008 Bonds as such interest falls due, or (b) the payment of the principal of such 2008 Bonds at their respective maturities whether at the Stated Maturity date or by mandatory redemption, (c) the payment of the purchase price of such 2008 Bonds before maturity as provided in Section 5.06 herein. Subject to the terms and conditions set forth herein, moneys held to the credit of the Pledged Funds are hereby pledged to and charged with the payments mentioned in this Section.
Section 5.08. Trust Funds, Unclaimed Moneys. All moneys which the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside or deposited with the Paying Agent for the purpose of paying any of the 2008 Bonds hereby secured, either at the maturity thereof or by purchase or call for redemption, shall be held in trust for the respective holders of such 2008 Bonds. Any moneys which shall be so set aside or deposited by the Bond Trustee and which shall remain unclaimed by the holders of such 2008 Bonds for a period of four (4) years after the date on which such 2008 Bonds shall have become payable shall be paid to the Issuer, or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the holders of such 2008 Bonds shall look only to the Issuer, or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the Bond Trustee and Paying Agent shall have no responsibility with respect to such moneys.

Section 5.09. Balance in Funds. Except as provided in Section 5.08 hereof, after provision shall be made for the payment of all 2008 Bonds then Outstanding and the interest thereon and for the payment of all other obligations, expenses and charges herein required to be paid, and assuming the existence of no other indentures or other agreements imposing a continuing lien on the balances hereinafter mentioned, the Bond Trustee shall pay any balance in the Pledged Funds then held by it under this Bond Indenture to the Issuer.

Section 5.10. Creation of Additional Accounts and Subaccounts. The Bond Trustee shall, at the written request of the Issuer, establish such additional accounts within any of the Funds established under this Bond Indenture, and subaccounts within any of the accounts established pursuant to this Bond Indenture, as shall be specified in such written request, for the purpose of identifying more precisely the sources of payments into and disbursements from such Funds, accounts and subaccounts; but the establishment of any such additional accounts or subaccounts shall not alter or modify any of the requirements of this Bond Indenture with respect to the deposit or use of the moneys in any Fund established hereunder. The Bond Trustee shall be reimbursed for all costs incurred by it in connection with the establishment of such additional accounts.

Section 5.11. Rebate Fund. The Bond Trustee is hereby authorized and directed to establish a Rebate Fund into which the Bond Trustee shall deposit amounts as provided herein. The Rebate Fund shall be held by the Bond Trustee separate and apart from all other Funds and Accounts held under this Bond Indenture and from all other moneys of the Bond Trustee. Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

[END OF ARTICLE V]
ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Performance of Covenants. The Issuer covenants that it will faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions contained in this Bond Indenture, in any and every 2008 Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer represents that it is duly authorized under the Constitution and laws of the State of Florida to issue the 2008 Bonds authorized hereby and to execute this Bond Indenture, and to pledge the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the issuance of the 2008 Bonds and the execution and delivery of this Bond Indenture has been duly and effectively taken, and that the 2008 Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof, except to the extent limited by bankruptcy, reorganization or other similar laws affecting the enforcement of creditors’ rights generally.

Section 6.02. Instruments of Further Assurance. The Issuer covenants that it 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 Bond Trustee may reasonably require for the better assuring, transferring, pledging and hypothecating unto the Bond Trustee all and singular the Trust Estate to the payment of the principal of and interest on the 2008 Bonds.

Section 6.03. Payment of Principal and Interest. Subject to the limitations of Section 2.02 hereof, the Issuer will promptly pay or cause to be paid the principal of and interest on all 2008 Bonds issued hereunder according to the terms hereof. The principal and interest payments are payable solely from the Trust Estate, which is hereby specifically pledged to the payment thereof, in the manner and to the extent herein specified. Nothing in the 2008 Bonds or in this Bond Indenture shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby or creating any liability of the Issuer’s officers, members, employees or other agents.

The Issuer hereby covenants to make payments to the Bond Trustee in amounts sufficient to make the deposits described in Article V hereof at the times indicated therein.

Section 6.04. Conditions Precedent. Upon the date of issuance of any of the 2008 Bonds, the Issuer hereby covenants that all conditions, acts and things required by the Constitution or statutes of the State of Florida or by the Act or by this Bond Indenture to exist, to have happened or to have been performed precedent to or in the issuance of the 2008 Bonds shall exist, have happened and have been performed.

Section 6.05. Supplemental Bond Indentures; Recordation of Bond Indenture, Supplemental Bond Indentures and Security Instruments. The Issuer shall cause this Bond Indenture, and all supplements hereto as well as all security instruments, financing statements and all supplements thereto and other instruments as may be required at all times to be kept, recorded, registered and filed to be kept, recorded, registered and filed in such manner and in
such places as may be required by law, if any, in order fully to preserve and protect the security of the Bondholders and all rights of the Bond Trustee hereunder.

Section 6.06. Compliance with Section 148(f) of the Code. Within forty (40) days after the end of the fifth Bond Year and every fifth Bond Year thereafter for the 2008 Bonds and within forty (40) days after the payment in full of all outstanding 2008 Bonds, the Issuer shall calculate, or shall furnish information to and shall engage (at its expense) an independent firm designated by the Issuer and approved by the Bond Trustee, to calculate, the Rebate Amount as of the end of that Bond Year or the date of such payment. The Issuer shall notify the Bond Trustee in writing of the amount and the Bond Trustee shall notify the Issuer in writing of the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Rebate Amount (computed by taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section 6.06), the Bond Trustee shall forthwith transfer the excess amount to the Bond Fund. If the amount then on deposit in the Rebate Fund is less than the Rebate Amount (computed by taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section 6.06), the Issuer shall, within ten (10) days after the date of the aforesaid calculation, pay to the Bond Trustee for deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebate Amount. The obligation of the Issuer to make or cause to be made such computations and payments required by the Code shall remain in effect and be binding upon the Issuer notwithstanding the release and discharge of this Bond Indenture. Within sixty (60) days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Bond Trustee, acting at the direction 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 Issuer may direct the Bond Trustee to pay) of the Rebate Amount as of the end of such fifth Bond Year (taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section). Within sixty (60) days after the payment in full of any outstanding 2008 Bonds, the Bond Trustee, at the direction 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 100% of the Rebate Amount as of the date of such payment in full of all outstanding 2008 Bonds (taking into account the future value of the Rebate Amount or Amounts, if any, previously paid to the United States pursuant to this Section) and any moneys remaining in the Rebate Fund following such payment shall be transferred to the Issuer.

The Bond Trustee shall keep and make available to the Issuer such records concerning the investments of the Gross Proceeds of the 2008 Bonds held by the Bond Trustee and the investments of earnings from those investments as may be requested by the Issuer in order to enable the Issuer or an independent firm to make the aforesaid computations as are required under Section 148(f) of the Code. The Issuer shall obtain and keep such records of the computations made pursuant to this Section 6.06 in accordance with and as are required under Section 148(f) of the Code. The Bond Trustee shall be entitled to rely on the calculations made pursuant to this Section 6.06 and shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in reliance upon those calculations.
Notwithstanding anything herein to the contrary, the Issuer may calculate, or cause to have calculated, the Rebate Amount in accordance with Section 148(f) of the Code as 2008 Bonds under a different method and may make such payments of the Rebate Amount at different times; provided that the Issuer and the Bond Trustee shall have received an opinion of nationally recognized Bond Counsel that using such method of calculation and making payments at such times will not adversely affect the exclusion of interest on the 2008 Bonds from gross income for federal income tax purposes.

Nothing in this subsection shall require payment into the Rebate Fund or payment to the United States of any greater amount or lesser amount than is required to be paid to the United States under Section 148(f) of the Code.

For purposes of this Section 6.06, the following terms shall have the following meanings:

“Rebate Amount” means, with respect to the 2008 Bonds, as of each computation date, an amount determined in accordance with Section 148(f) of the Code and the Rebate Instructions equal to the sum of (i) plus (ii) where:

(i) is the excess of

(a) the aggregate amount earned from the Issuance Date on all Nonpurpose Investments in which Gross Proceeds of the 2008 Bonds are invested (other than investments attributable to an excess described in this clause (i)), taking into account any gain or loss on the disposition of Nonpurpose Investments, over

(b) the amount that would have been earned if the amount of the Gross Proceeds of the 2008 Bonds invested in such Nonpurpose Investments (other than investments attributable to an excess described in this clause (i)) had been invested at a rate equal to the Yield on the 2008 Bonds; and

(ii) is any income attributable to the excess described in clause (i), taking into account any gain or loss on the disposition of investments.

The sum of (i) plus (ii) shall be determined in accordance with Section 148(f) of the Code and the Rebate Instructions. The Rebate Amount shall not include any amount earned on amounts in the Bond Fund.

“Gross Proceeds” means Proceeds and Replacement Proceeds of an issue.

“Investment Proceeds” means, with respect to the 2008 Bonds, any amounts actually or constructively received from investing Proceeds of that issue in Investment Property.

“Investment Property” means investment property within the meaning of Sections 148(b)(2) and 148(b)(3) of the Code, including any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) of the Code). Investment Property includes a Tax-Exempt Obligation that
is a “specified private activity bond” as defined in Section 57(a)(5)(C) of the Code but does not include other Tax-Exempt Obligations.

“Issuance Date” means the date of physical delivery of, and payment of the purchase price for, the 2008 Bonds.

“Issue Price” means with respect to the 2008 Bonds, the aggregate of the initial offering price for each maturity including any pre-issuance accrued interest and taking into account any original issue premium and original issue discount.

“Nonpurpose Investments” means with respect to the 2008 Bonds any Investment Property that is acquired with Gross Proceeds of such 2008 Bonds. “Nonpurpose Investments” does not include any investment that is not regarded as “investment property” or a “nonpurpose investment” for the particular purposes of Section 148 of the Code (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a “nonpurpose investment” within the applicable meaning of Section 148 of the Code.

“Proceeds” means, with respect to the 2008 Bonds, all Sale Proceeds and Investment Proceeds of the 2008 Bonds but do not include Replacement Proceeds of the 2008 Bonds.

“Qualified Guarantee” means any guarantee of an obligation that constitutes a “qualified guarantee” within the meaning of Treasury Regulations §1.148-4(f).

“Rebate Instructions” means the instructions for complying with the rebate requirements of Section 148(f) of the Code that are provided with respect to the 2008 Bonds.

“Replacement Proceeds” means amounts, with respect to the 2008 Bonds, (including any investment income but excluding any Proceeds of the Bonds) replaced by Proceeds of the 2008 Bonds within the meaning of Section 148(a)(2) of the Code. Replacement Proceeds include amounts, other than Proceeds, held in, or treated as held in, a sinking fund, pledged fund or reserve or replacement fund for such 2008 Bonds.

“Sale Proceeds” means that portion of the Issue Price with respect to the 2008 Bonds actually or constructively received by the Issuer upon the sale or other disposition of the 2008 Bonds, including any underwriter’s compensation withheld from the Issue Price, but excluding pre-issuance accrued interest.

“Yield” has the meaning assigned to it for purposes of Section 148 of the Code, and means with respect to the 2008 Bonds, that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of debt service and all payments for a Qualified Guarantee for the 2008 Bonds, paid and to be paid with respect to an obligation, produces an amount equal to (a) the Issue Price with respect to the 2008 Bonds that are a fixed yield issue within the meaning of Treasury Regulations §1.148-1(b) or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148 of the Code, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of the 2008 Bonds are invested is computed on a basis consistent with the
computation of Yield on the 2008 Bonds, including the same compounding interval (of not more than one year selected by the Issuer).

[END OF ARTICLE VI]
ARTICLE VII

INVESTMENTS

Section 7.01. Investments of Pledged Funds. Subject to Section 7.02 hereof, to the extent practicable, money held for the credit of all Pledged Funds hereunder shall be continuously invested and reinvested by the Bond Trustee and then only in Eligible Investments. Moneys held as accrued interest in the Interest Account shall be invested and reinvested only in (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (ii) immediately following); or (ii) direct obligations of the Department of the Treasury of the United States of America (including obligations issued or held in book entry form). Any such investments shall mature not later than the respective dates when the money held for the credit of such Pledged Funds or accounts therein will be required for the purposes intended. No Eligible Investments in any Fund or account therein may mature beyond the latest maturity date of any 2008 Bonds Outstanding at the time such Eligible Investments are deposited.

The Issuer shall give to the Bond Trustee written directions or verbal directions confirmed in writing respecting the investment of any money in the Pledged Funds required to be invested hereunder, subject, however, to the provisions of this Article, and the Bond Trustee shall invest such money under this Section as so directed by the Issuer. In the event that the Issuer shall fail to give such direction to the Bond Trustee, the Bond Trustee may request direction from the Issuer, but shall not be obligated to, to invest amounts held by it in investments permitted pursuant to this Bond Indenture. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Issuer will either approve such proposed investment or will give written directions to the Bond Trustee respecting the investment of such money and, in the case of such directions, the Bond Trustee shall then, subject to the provisions of this Article, invest such money in accordance with such directions.

Eligible Investments credited to any Pledged Fund established or maintained under this Bond Indenture shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held. Any interest earnings realized from such investment in any such Fund or account therein shall be credited first to the Sinking Fund Account until the balance therein equals the amount of principal payable on the next Principal Payment Date and thereafter shall be credited to the Interest Account. The Bond Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever directed by the Issuer in order to provide money to make any payment or transfer of money from any such Fund or account therein.

The Bond Trustee shall not be liable or responsible for any loss resulting from any such investment, or for not investing funds, if the Issuer fails to provide investment instructions.

The Bond Trustee may make any investments permitted under this Bond Indenture through its own bond department or the bond department of any bank or trust company which is an affiliate of the this Bond Trustee.
Section 7.02. **Arbitrage**. The Issuer covenants to the Holders of 2008 Bonds that it will not make or direct the making of any investment or other use of the proceeds of the 2008 Bonds issued hereunder which would cause such 2008 Bonds to be “private activity bonds” as that term is defined in Section 141 of the Code, “arbitrage bonds” as that term is defined in Section 148 of the Code or “hedge bonds” as that term is defined in Section 149(g)(3) of the Code, and that it will comply with all the requirements of such Code sections and related regulations throughout the term of such 2008 Bonds. The Issuer also covenants that it will not take or fail to take any action that would adversely affect the exclusion from gross income of interest on the 2008 Bonds. The Issuer hereby further covenants and agrees to comply with the procedures and covenants contained in Section 6.06 hereof for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the 2008 Bonds. The Issuer shall not direct the making of any investment inconsistent with the foregoing covenants.

The Issuer shall, on or prior to the date of issuance of the 2008 Bonds, deliver to the Bond Trustee the Tax Compliance Certificate required by the regulations promulgated under Section 148 of the Code to evidence that such 2008 Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 7.03. **Valuation**. For the purpose of determining the amount on deposit to the credit of any such Fund or account therein, obligations in which money in such Fund or account therein shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower. Amortized cost, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Valuation on any particular date shall include the amount of interest then earned or accrued to such date on any moneys or investments in such fund or account.

The Bond Trustee shall value the Eligible Investments in the Pledged Funds as of April 30 of each year. In addition, the Eligible Investments shall be valued by the Bond Trustee at any time requested by the Authorized Issuer Representative on reasonable notice to the Bond Trustee (which period of notice may be waived or reduced by the Bond Trustee); provided, however, that the Bond Trustee shall not be required to value the Eligible Investments more than once in any calendar month.

Section 7.04. **Investment of Rebate Fund**. Moneys on deposit in the Rebate Fund shall be invested only in Eligible Investments, and otherwise in accordance with the provisions of the Tax Compliance Certificate, all as shall be directed by the Issuer in writing; provided, however, that in the event of a conflict in said provisions, the provisions of the Tax Compliance Certificate shall control.

[END OF ARTICLE VII]
ARTICLE VIII

DISCHARGE OF BOND INDENTURE

Section 8.01. Discharge of this Bond Indenture. If, when the 2008 Bonds secured hereby shall be paid in accordance with their terms (or payment of the 2008 Bonds has been provided for in the manner set forth in the following paragraph), and the fees and expenses of the Bond Trustee due or to become due in connection with the payment of the 2008 Bonds and all other sums payable hereunder shall have been paid or provided for in accordance with the provisions of this Section 8.01, then this Bond Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding 2008 Bonds secured hereby shall have been purchased and delivered to the Bond Trustee for cancellation, and all other sums payable hereunder have been paid, or provision shall have been made for the payment of the same, then this Bond Indenture and the Trust Estate and all rights granted hereunder, subject to the provisions of the last paragraph of this Section 8.01, shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the request of the Issuer, the Bond Trustee shall execute such documents as may be reasonably required to evidence the discharge of this Bond Indenture and shall turn over any surplus in any Fund as the Authorized Issuer Representative shall direct in writing, except as otherwise provided herein.

Payment of any Outstanding 2008 Bonds shall prior to the maturity or redemption date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section if (i) in case said 2008 Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Bond Trustee in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 3.05 hereof notice of redemption of said 2008 Bonds on said Redemption Date, such notice to be given in accordance with the provisions of Section 3.05 hereof, (ii) there shall have been irrevocably deposited with the Bond Trustee in trust either moneys in an amount which shall be sufficient, or United States Government Obligations, which shall not contain provisions permitting the redemption thereof at the option of the issuer before the date the principal thereof will be required, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Bond Trustee, at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on said 2008 Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be, (as verified by an independent certified public accounting firm) and (iii) in the event said 2008 Bonds are not by their terms subject to redemption within the next 45 days, the Issuer shall have given the Bond Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as notice of redemption of 2008 Bonds is required to be given pursuant to Section 3.05 hereof, a notice to the owners of such 2008 Bonds that the deposit required by (ii) above has been made with the Bond Trustee, that this Bond Indenture has been released and discharged, except as otherwise herein provided, and that payment of said 2008 Bonds has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and interest on said 2008 Bonds. At such time as payment of any 2008 Bonds has been provided for as aforesaid, and an opinion of bond counsel regarding the defeasance of such 2008 Bonds has been delivered to the Bond Trustee, such 2008 Bonds shall no longer be secured by or entitled to
the benefits of this Bond Indenture, except for the purpose of any payment from such moneys or securities deposited with the Bond Trustee and the provisions of the last paragraph of this Section 8.01.

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

Notwithstanding the foregoing, the provisions of this Bond Indenture which relate to the maturity of 2008 Bonds, interest payments and Interest Payment Dates, optional and mandatory redemption provisions, exchange, transfer and registration of 2008 Bonds, replacement of mutilated, destroyed, lost or stolen 2008 Bonds, the safekeeping and cancellation of 2008 Bonds, non-presentment of 2008 Bonds and unclaimed moneys, required rebate of moneys to the United States of America, the holding of moneys in trust, indemnification of the Bond Trustee, and the duties of the Issuer and the Bond Trustee in connection with all of the foregoing, shall remain in effect and be binding after the release and discharge of this Bond Indenture.

Section 8.02. Liability of Issuer Not Discharged. Upon compliance with the provisions of Section 8.01 hereof with respect to all 2008 Bonds then Outstanding, this Bond Indenture may be discharged in accordance with the provisions of this Article VIII but the liability of the Issuer in respect of such 2008 Bonds shall continue provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or securities deposited with the Bond Trustee as provided in Section 8.01 hereof. Upon compliance with the provisions of Section 8.01 hereof with respect to any 2008 Bonds then Outstanding, the liability of the Issuer in respect of such 2008 Bonds shall continue provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or securities deposited with the Bond Trustee as provided in Section 8.01 hereof.

[END OF ARTICLE VIII]
ARTICLE IX
DEFAULTS AND REMEDIES

Section 9.01. Events of Default. Each of the following is hereby defined as and shall be deemed an “Event of Default”:

(a) Default by the Issuer in the payment of the principal of any 2008 Bond when the same shall become due and payable, whether at the stated maturity thereof, or through failure to fulfill any Sinking Fund Requirement, upon redemption or otherwise.

(b) Default by the Issuer in the payment of any interest on any 2008 Bond when the same shall become due and payable.

(c) Default shall be made in the observance or performance of any covenant, contract or other provision in the 2008 Bonds or this Bond Indenture contained (other than as referred to in (a) or (b) of this Section) and such default shall continue for a period of thirty (30) days after written notice to the Issuer and the Bond Trustee or from the owners of at least 25% in aggregate principal amount of the 2008 Bonds then Outstanding or to the Issuer from the Bond Trustee specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such thirty (30) day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby, and provided further, that such failure shall constitute an Event of Default if it is not corrected within sixty (60) days after receipt of such notice.

(d) The occurrence of an “event of default” under the Master Trust Indenture.

In the event that the Master Trustee has accelerated the Obligation No. 16 and is pursuing its available remedies under the Master Trust Indenture, the Bond Trustee shall not pursue its available remedies under this Bond Indenture in such manner as to hinder or frustrate the pursuit by the Master Trustee of its remedies under the Master Trust Indenture.

The exercise of rights, remedies and power are subject to any applicable limitations of federal bankruptcy law affecting or precluding the declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings, and, in addition the exercise of rights, remedies and powers under the Obligation No. 16 and the Master Trust Indenture may be subject to applicable limitations of federal or law of the State, including bankruptcy, insolvency, moratorium, fraudulent conveyance, reorganization and other laws in effect from time to time affecting the rights of creditors generally.

Section 9.02. Remedies on Events of Default. Upon the occurrence of an Event of Default, the Bond Trustee shall have the following rights and remedies:

(a) Legal Proceedings. The Bond Trustee may by mandamus, or other suit, action or proceeding at law or in equity, enforce the rights of the Bondholders, and require the Issuer or either or both of them to carry out the agreements with or for the benefit of the Bondholders, and to perform its or their duties, under the Act, the Master Trust Indenture, Obligation No. 16 and
(b) **Suit for Judgment on the 2008 Bonds.** The Bond Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Bond Indenture, for the enforcement of any of its rights, or the rights of the Bondholders hereunder, but any such judgment against the Issuer shall be enforceable only against the Trust Estate. No recovery of any judgment by the Bond Trustee shall in any manner or to any extent affect the lien of this Bond Indenture or any rights, powers or remedies of the Bond Trustee hereunder, or any lien, rights, powers or remedies of the owners of the 2008 Bonds, but such lien, rights, powers and remedies of the Bond Trustee and of the Bondholders shall continue unimpaired as before.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default shall have occurred and if requested by the owners of a majority in aggregate principal amount of 2008 Bonds then Outstanding and the Bond Trustee is indemnified as provided in Section 10.01 hereof, the Bond Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Bond Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

**Section 9.03. Majority of Bondholders May Control Proceedings.** Anything in this Bond Indenture to the contrary notwithstanding, except Article X hereof, the owners of a majority in aggregate principal amount of the 2008 Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture, or for the appointment of a receiver, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Bond Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified as provided in Section 10.01 hereof.

**Section 9.04. Rights and Remedies of Bondholders.** No Owner of any 2008 Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Bond Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Bond Trustee has been notified as provided in Section 10.01 hereof, nor unless such default shall have become an Event of Default and the owners of a majority in aggregate principal amount of 2008 Bonds then Outstanding shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Bond Trustee indemnity as provided in Section 10.01 hereof nor unless the Bond Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request, offer of indemnity and consent are hereby declared in every case at the option of the
Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Indenture, and to any action or cause of action for the enforcement of this Bond Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that not one or more owners of the 2008 Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all 2008 Bonds then Outstanding. Nothing in this Bond Indenture contained shall, however, affect or impair the right of any owner of 2008 Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of or interest on any 2008 Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the 2008 Bonds to the respective owners of the 2008 Bonds at the time and place, from the source and in the manner herein and in the 2008 Bonds expressed.

Section 9.05. Application of Moneys. All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the expenses, liabilities and advances incurred or made by the Bond Trustee have been paid in full and all fees and expenses due to the Bond Trustee hereunder, first, be deposited in the Sinking Fund Account and the Interest Account, and thereafter shall be deposited, to the extent of any deficiency of required amounts in the Rebate Fund, in the Rebate Fund. All moneys so deposited in the Sinking Fund Account and the Interest Account and all moneys held or deposited in the Sinking Fund Account and the Interest Account during the continuance of an Event of Default shall be applied as follows:

(a) Unless the principal of all the 2008 Bonds shall have become due and payable, all such moneys shall be applied:

FIRST--To the payment to the persons entitled thereto of all installments of interest then due on the 2008 Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND--To the payment to the persons entitled thereto of the unpaid principal of any of the 2008 Bonds which shall have become due (other than 2008 Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Indenture), in the order of their due dates, with interest on the unpaid principal of such 2008 Bonds from the respective dates upon which they became due, at a rate borne by the 2008 Bonds and, if the amount available shall not be sufficient to pay in full 2008 Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.
(b) If the principal of all the 2008 Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all of the 2008 Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any 2008 Bond over any other 2008 Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the 2008 Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the 2008 Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Bond Trustee shall give notice of the deposit of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any 2008 Bond until such 2008 Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid. The Bond Trustee shall set a Special Record Date for such payment.

Whenever all of the 2008 Bonds and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Bond Trustee and any other amounts to be paid to the Issuer hereunder have been paid, any balance remaining in the Funds shall be paid as provided in Section 5.09 hereof.

Section 9.06. Bond Trustee May Enforce Rights Without 2008 Bonds. All rights of action and claims under this Bond Indenture or any of the 2008 Bonds Outstanding hereunder may be enforced by the Bond Trustee without the possession of any of the 2008 Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any owners of the 2008 Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the 2008 Bonds and subject to the provisions of this Bond Indenture.

Section 9.07. Delay or Omission No Waiver. No delay or omission of the Bond Trustee or of any Bondholder to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Bond Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 9.08. No Waiver of One Default to Affect Another. No waiver of any default hereunder, whether by the Bond Trustee or the Bondholders, shall extend to or affect any
subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 9.09. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Bond Trustee shall have proceeded to enforce any rights under this Bond Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every such case the Issuer and the Bond Trustee shall be restored to their former position and rights hereunder with respect to the Trust Estate and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 9.10. Waivers of Events of Default. Subject to prior notice to the Issuer, the Bond Trustee may waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the 2008 Bonds, and shall do so upon the written request of the owners of a majority in aggregate principal amount of all the 2008 Bonds outstanding in respect of which default exists; provided, however, that there shall not be waived any Event of Default in the payment of the principal of any Outstanding 2008 Bonds at the date of maturity or redemption thereof, or any default in the payment when due of the interest on any such 2008 Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal (with interest upon such principal at the rates borne by the 2008 Bonds) and all expenses of the Bond Trustee, in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceedings taken by the Bond Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Bond Trustee, then and in every such case the Issuer, the Bond Trustee, and the Bondholders shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

Section 9.11. Bond Trustee to Notify Parties of Default and Disclose Information Relating to Default. The Bond Trustee shall immediately notify in writing the Issuer, the Master Trustee and the Obligated Group Representative of any default hereunder or the occurrence of any Event of Default of which the Bond Trustee is required to take notice pursuant to Section 10.01(m) hereof. The Bond Trustee may, in its discretion, notify in writing all Bondholders of the 2008 Bonds of the occurrence of any Event of Default and make available any and all information reasonably requested of the Bond Trustee concerning the Event of Default, the 2008 Bonds, the Issuer, any Member of the Obligated Group and any other information relevant to the Event of Default.

[END OF ARTICLE IX]
ARTICLE X

CONCERNING THE BOND TRUSTEE

Section 10.01. Duties of the Bond Trustee. The Bond Trustee hereby accepts the trusts imposed upon it by this Bond Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee:

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

(b) The Bond Trustee may execute any of the trusts hereof or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be answerable for the conduct of the same absent negligence in their selection and shall be entitled to act and conclusively rely upon an opinion of independent counsel concerning all matters of the trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Bond Trustee may act upon an opinion of independent counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such opinion of independent counsel.

(c) The Bond Trustee shall not be responsible for any recital herein or in the 2008 Bonds (except in respect to the certificate of authentication of the Bond Trustee endorsed on the 2008 Bonds), or for insuring any property of the Issuer or collecting any insurance moneys or for the validity of the execution by the Issuer of this Bond Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the 2008 Bonds issued hereunder or intended to be secured hereby, or for the value of or title to any property of the Issuer or any lien waivers with respect to the Hospital Facilities, and the Bond Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer, except as hereinafter set forth; but the Bond Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements contained herein or in the Master Trust Indenture. The Bond Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 7.01 hereof.

(d) The Bond Trustee shall not be accountable for the use of any 2008 Bonds authenticated or delivered hereunder. The Bond Trustee may become the owner of the 2008 Bonds with the same rights which it would have if not Bond Trustee.
(e) The Bond Trustee shall be protected in acting upon any notice, request, consent, electronic mail, 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 Bond Trustee pursuant to this Bond 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 owner of any 2008 Bonds shall be conclusive and binding upon all future owners of the same 2008 Bond and upon 2008 Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Bond Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by an Authorized Issuer Representative or such other person as may be designated for such purpose by the Issuer as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Bond Trustee has been notified as provided in subsection (m) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient.

(g) The permissive rights of the Bond Trustee to do things enumerated in this Bond Indenture shall not be construed as a duty and the Bond Trustee shall not be answerable for other than its negligence or willful default, subject to Section 10.01(a) hereof.

(h) [Reserved.]

(i) All moneys received by the Bond Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Bond Indenture or law. The Bond Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(j) At any and all reasonable times the Bond Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the Issuer pertaining to its health care facilities and the 2008 Bonds.

(k) The Bond Trustee shall not be required to give any note or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Before taking any action under this Bond Indenture the Bond Trustee may require that reasonable indemnity be furnished to it for the reimbursement of all expenses which it may incur (including, without limitation, any expenses which it may incur in furnishing to the Master Trustee any indemnity which the Master Trustee may be entitled to obtain from the owners of Obligations as a condition to the taking of any action by the Master Trustee under the provisions of the Master Trust Indenture) and to protect it against all liability, except liability which may result from its negligence or willful default, by reason of any action so taken.

(m) The Bond Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Bond Trustee required to be made by Article III or Section 6.03 hereof unless the Bond
Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least 25% in aggregate principal amount of all 2008 Bonds then Outstanding and all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee must, in order to be effective, be delivered at the corporate trust office of the Bond Trustee designated pursuant to Section 13.07 hereof, and in the absence of such notice so delivered the Bond Trustee may conclusively assume there is no default except as aforesaid.

Section 10.02. Fees and Expenses of Bond Trustee. The Bond Trustee shall be entitled to payment of reasonable fees for its services rendered hereunder and reimbursement of all advances, counsel fees and other expenses reasonably made or incurred by the Bond Trustee in connection with such services. The Bond Trustee shall have no obligation whatsoever to expend its own funds hereunder. Upon the occurrence of an Event of Default, but only upon the occurrence of an Event of Default, the Bond Trustee shall have a first lien with right of payment prior to payment on account of principal of and interest on any Bond upon the Trust Estate for the foregoing fees, charges and expenses of the Bond Trustee. To the extent permitted by law, the Issuer hereby agrees to indemnify the Bond Trustee and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity brought by third parties, or any other expenses, fees or charges of any character or nature which it may incur or with which it may be threatened by reason of such third party threats or proceedings, except in the case of the Bond Trustee’s own negligence or willful default, and in connection therewith to indemnify the Bond Trustee against any and all expenses, including reasonable attorneys’ fees and expenses and the reasonable costs of defending any action, suit or proceeding or resisting any claim.

Section 10.03. Resignation or Replacement of Bond Trustee. The Bond Trustee may resign by giving to the Issuer, the Master Trustee, the Obligated Group Representative and the Bondholders 50 days’ prior written notice of such resignation, specifying the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless a successor shall be previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The present or any future Bond Trustee may be removed at any time by an instrument in writing delivered to the Bond Trustee at least 90 days prior to the date set for such removal, executed by the Issuer but only if the Issuer is not currently in default hereunder, or by the owners of a majority in aggregate principal amount of the 2008 Bonds then Outstanding. Notwithstanding anything else contained herein, no resignation, removal or termination of the Bond Trustee shall take effect until a successor Bond Trustee shall be appointed and shall have accepted such appointment.

In case the Bond Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the owners of a majority in aggregate principal amount of the 2008 Bonds Outstanding by an instrument or concurrent instruments signed by such Bondholders, or their attorneys-in-fact duly appointed; provided that the Issuer may appoint a successor until a new successor shall be appointed by the Bondholders as herein authorized. The Issuer upon making such appointment shall forthwith give notice thereof to the Bondholders, which notice may be given concurrently with the notice of resignation given by any resigning Bond Trustee. Any successor so appointed by the Issuer shall immediately and without further act be superseded by a successor appointed in the manner above provided by the owners of a majority in aggregate principal amount of the 2008 Bonds Outstanding.
Notwithstanding any other provision of this Bond Indenture, no removal, resignation or termination of the Bond Trustee shall take effect until a successor Bond Trustee shall be appointed and shall have accepted such appointment; provided, however, that if no successor has been appointed by the date when the resignation of the Bond Trustee shall take effect as set forth in the notice of resignation, the Bond Trustee may apply to a court of competent jurisdiction for the appointment of such successor Bond Trustee, which appointment shall be binding upon the Issuer and the Bondholders.

Every successor shall always be a bank or trust company in good standing and be qualified to do and doing trust business in one or more states of the United States of America, qualified to act hereunder and must have an officially reported combined capital, surplus and undivided profit aggregating at least Fifty Million Dollars. Any successor appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Bond Trustee herein; but the Bond Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, who shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Bond Indenture. Should any instrument in writing from the Issuer be reasonably required by any successor for such vesting and confirming, the Issuer shall execute, acknowledge and deliver the said deeds, conveyances and instruments on the request of such successor.

The notices provided for in this Section to be given to the Bondholders shall be given by mailing a copy of such notices to the Bondholders at their addresses as the same shall appear upon the registration books on the fifth day preceding such mailing. The notice herein provided for to be given to the Issuer and the retiring Bond Trustee shall be given in accordance with Section 12.07 hereof.

Section 10.04. Conversion, Consolidation or Merger of Bond Trustee. Any bank or trust company into which the Bond Trustee or its successor may be converted, merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business substantially as a whole shall be the successor of the Bond Trustee under this Bond Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, including having an officially reported combined capital, surplus and undivided profit aggregating at least Fifty Million Dollars, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the 2008 Bonds to be issued hereunder shall have been authenticated, but not delivered, any successor Bond Trustee may adopt the certificate of any predecessor Bond Trustee, and deliver the same as authenticated; and, in case any of such 2008 Bonds shall not have been authenticated, any successor Bond Trustee may authenticate such 2008 Bonds in the name of such Successor Bond Trustee.

[END OF ARTICLE X]
ARTICLE XI

SUPPLEMENTAL BOND INDENTURES

Section 11.01. Supplemental Bond Indentures Not Requiring Consent of Bondholders. The Issuer and the Bond Trustee may, without the consent of, or notice to, the Bondholders, but with the prior written consent of the Issuer and the Obligated Group Representative, enter into such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Bond Indenture or in any supplemental indenture;

(b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders;

(c) to add to the conditions, limitations and restrictions on the issuance of 2008 Bonds, under the provisions of the Bond Indenture, other conditions limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Issuer in the Bond Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer;

(e) to permit the qualification of the Bond Indenture and the 2008 Bonds under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Issuer so determines, to add to the Bond Indenture or any supplemental indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law;

(f) to permit the use of a book entry system, as described and when permitted by the Code, to identify the owner of an interest in an obligation issued by the Issuer under the Bond Indenture, whether that obligation was formerly, or could be, evidenced by a physical security;

(g) to specify further the duties and responsibilities of, and to define further the relationship among the Bond Trustee, Bond Registrar and any Paying Agent;

(h) to make such changes as may be necessary to comply with applicable Sections of the Code; or

(i) to make such amendments as may be required in connection with the issuance or exchange of 2008 Bonds in coupon form to the extent permitted herein;

Section 11.02. Supplemental Bond Indentures Requiring Consent of Bondholders. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than 51% in aggregate principal amount of the 2008 Bonds hereby secured and then outstanding shall have the right, from time to time, anything contained in this Bond Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Bond
Trustee of such trust indenture or trust indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Indenture or in any supplemental trust indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) without the consent of the holder of each 2008 Bond so affected, (i) an extension of the maturity of the principal of or the interest on any 2008 Bond, or (ii) a reduction in the principal amount of any 2008 Bond or the premium or the rate of interest thereon, or (b) without the consent of the Holders of all 2008 Bonds then Outstanding (i) the creation of a lien upon or pledge of on the Trust Estate other than the lien and pledge created by the Bond Indenture or permitted hereunder or (ii) a preference or priority of any 2008 Bond or 2008 Bonds over any other 2008 Bond or 2008 Bonds, or (iii) a reduction in the aggregate principal amount of the 2008 Bonds required for consent to such supplemental trust indenture. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any supplemental trust indenture as authorized in Section 11.01 of this Article.

If at any time the Issuer shall request the Bond Trustee to enter into any supplemental trust indenture for any of the purposes of this Section, the Bond Trustee shall, at the expense of the Issuer, cause notice of the proposed execution of such supplemental trust indenture to be published once in a daily newspaper or financial journal published in the City of New York, New York, and mailed to all Bondholders of Record as of the close of business on the 15th day preceding that mailing. Such notice shall briefly set forth the nature of the proposed supplemental trust indenture and shall state that copies thereof are on file at the principal corporate trust office of the Bond Trustee for inspection by all Bondholders. The Bond Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail the notice required by this Section.

Whenever the Issuer shall deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the holders of not less than 51% in aggregate principal amount of the 2008 Bonds Outstanding and purporting to consent to and approve the execution by the Issuer and the Bond Trustee of a trust indenture or trust indentures supplemental hereto, the Bond Trustee and the Issuer may execute such trust indenture, provided that the Bond Trustee shall not be liable to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any such supplemental trust indenture if such trust indenture is deemed by it to be contrary to the provisions of this Article.

Any consent or approval shall be binding upon the holder of the 2008 Bond giving the consent or approval and upon any subsequent holder of that 2008 Bond and of any 2008 Bond issued in exchange therefor (regardless of whether the subsequent holder has notice of the consent to or approval of the supplemental indenture). At any time after the holders of the required percentage of 2008 Bonds shall have filed their consents to or approvals of the supplemental indenture, the Bond Trustee shall make and file with the Issuer a written statement that the holders of the required percentage of 2008 Bonds have filed those consents or approvals. That written statement shall be conclusive evidence that the consents and approvals have been so filed.
If the holders of the percentage in aggregate principal amount of 2008 Bonds outstanding shall have consented to or approved the supplemental indenture, as provided in this Section, no holder shall have any right (a) to object to (i) the execution or delivery of the supplemental indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Bond Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental indenture pursuant to the provisions of this Section, the Bond Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Bond Indenture of the Issuer, the Bond Trustee and all holders of 2008 Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects, to such modifications and amendments.

Section 11.03. Execution of Supplemental Bond Indenture. The Bond Trustee is authorized to join with the Issuer in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Bond Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Bond Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Bond Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Bond Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the 2008 Bonds delivered thereafter, if any, if deemed necessary or desirable by the Bond Trustee. In executing any supplemental indenture, the Bond Trustee may rely on an Opinion of Bond Counsel stating that the execution of such supplemental indenture is authorized or permitted hereunder, complies with the terms hereof and will not adversely affect the exclusion from gross income of the interest payable on the 2008 Bonds.

Section 11.04. Amendments, Etc., of the Master Indenture Not Requiring Consent of Bondholders. The Issuer and the Bond Trustee may, without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Master Indenture as may be required (i) by the provisions of the Master Trust Indenture or this Bond Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the owners of the 2008 Bonds.

Section 11.05. Amendments, Etc., of the Master Indenture Requiring Consent of Bondholders. Except for the amendments, changes or modifications referred to in Section 11.04 hereof, neither the Issuer nor the Bond Trustee shall consent to any other amendment, change or modification of the Master Trust Indenture without the giving of notice to and the written approval or consent of the owners of not less than 51% in aggregate principal amount of the 2008 Bonds at the time Outstanding. Such notice and consent shall be given and procured as provided in Section 11.02 hereof. If at any time the Issuer shall request the consent of the owners of the 2008 Bonds to any such proposed amendment, change or modification of the
Master Trust Indenture, the Bond Trustee shall, upon being reasonably indemnified by the Issuer with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner and in such time period as provided in Section 11.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Bond Trustee, or such other address of the Bond Trustee or its agent as shall be specified therein, for inspection by all Bondholders.

[END OF ARTICLE XI]
ARTICLE XII

MISCELLANEOUS

Section 12.01. Evidence of Signature of Bondholders and Ownership of 2008 Bonds. Any request, consent or other instrument which this Bond Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of 2008 Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Bond Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he or she purports to act that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of any 2008 Bonds and the amount and numbers of such 2008 Bonds and the date of holding the same shall be proved by the registration books of the Issuer kept by the Bond Trustee.

Any request or consent of the owner of any 2008 Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Bond Trustee in accordance therewith.

Section 12.02. Parties Interested Herein. With the exception of rights herein expressly conferred on the Issuer and the Obligated Group Representative, nothing in this Bond Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Issuer, the Bond Trustee and any owners of the 2008 Bonds, any right, remedy or claim under or by reason of this Bond Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, or promises and agreements in this Bond Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Bond Trustee and the owners of the 2008 Bonds.

Section 12.03. Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this Bond Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.04. Severability. In the event any provision of this Bond Indenture shall be held invalid or enforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.05. Governing Law. This Bond Indenture shall be governed by and construed in accordance with the laws of the State of Florida.
Section 12.06. **Execution in Counterparts.** This Bond 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.

Section 12.07. **Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by overnight delivery service or certified mail, return receipt requested, postage prepaid, to the Notice Address of the Issuer, Bond Trustee and to the rating agencies and Master Trustee, addressed as follows:

if to the Master Trustee at

U.S. Bank National Association  
500 West Cypress Creek Road, Suite 560  
Ft. Lauderdale, Florida 33309

if to Moody’s at

Moody’s Investors Service  
99 Church Street  
New York, New York 10007

if to S&P at

Standard & Poor’s Ratings Services  
55 Water Street  
New York, New York 10041

A duplicate copy of each notice, certificate or other communication given hereunder by or to the Issuer or the Bond Trustee shall also be given to the Issuer and the Master Trustee. Alternatively, all notices, certificates or other communications hereunder may be given by telegram or by telecopy (if confirmed promptly telephonically and in writing by the sender of such notice). The Issuer, the Obligated Group Representative, the Bond Trustee and the Master Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.08. **Payments Due or Actions to be Taken on Non-Business Days.** If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Bond Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided herein.

Section 12.09. **Reliance on Directions of Obligated Group Representative.** Whenever in this Bond Indenture, the Master Trust Indenture or any Tax Compliance Certificate an action or direction is required of or permitted by the Issuer or the Obligated Group Representative, then, except as otherwise specifically provided, the Issuer and the Bond Trustee agree that either of them shall be authorized to rely upon a written instrument from the Authorized Issuer Representative or a duly authorized officer of the Obligated Group Representative, as the case may be, with respect thereto.
Section 12.10. **Immunity of Officers and Directors.** No recourse shall be had for the payment of the principal of or interest on any of the 2008 Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Bond Indenture contained against any past, present or future official, boardmember, officer, employee or agent of the Issuer, as such either directly or through the Issuer, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, as such is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Indenture and the issuance of the 2008 Bonds.

Section 12.11. **Designation and Succession of Paying Agents.** Except as otherwise set forth in this Section 12.11, the Bond Trustee shall be the sole Paying Agent.

Any bank or trust company with or into which the Paying Agent may be merged or consolidated, or to which the assets and business of the Paying Agent may be sold, shall be deemed the successor of the Paying Agent for the purposes of this Bond Indenture. If the position of the Paying Agent shall become vacant for any reason, the Issuer, shall, within 30 days thereafter, appoint a bank or trust company, as Paying Agent to fill such vacancy; provided, however, that if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Trustee shall make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in Article X hereof with respect to the Bond Trustee, insofar as those provisions may be applicable.

[END OF ARTICLE XII]
IN WITNESS WHEREOF, the Issuer and the Bond Trustee have caused this Bond Indenture to be executed in their respective corporate names and in the case of the Issuer, its corporate seal to be hereto affixed and attested by its duly authorized officer, all as of the date first above written.

SOUTH BROWARD HOSPITAL DISTRICT

By: ____________________________
Chairman
(SEAL)

ATTEST:

By: ____________________________
Secretary-Treasurer

U.S. BANK NATIONAL ASSOCIATION,
As Bond Trustee

By: ____________________________
Authorized Signatory
On this 28th day of May, 2008, before me, a notary public in and for the State and County aforesaid, personally appeared, Kevin P. Tynan, Chairman of the Board of Commissioners of the South Broward Hospital District, who acknowledged that he did so sign the foregoing instrument as such officer for and on behalf of said South Broward Hospital District; that the same is his free act and deed as such officer and the free act and deed of said South Broward Hospital District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

□ Personally known to me, or
□ Produced identification: (Type of Identification Produced)
On this 28th day of May, 2008, before me, a notary public in and for the State and County aforesaid, personally appeared, Sara E. Wolfer, Secretary-Treasurer of the Board of Commissioners of the South Broward Hospital District, who acknowledged that she did so sign the foregoing instrument as such officer for and on behalf of said South Broward Hospital District; that the same is her free act and deed as such officer and the free act and deed of said South Broward Hospital District, and that the seal affixed to said instrument is the seal of said South Broward Hospital District.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

______________________________
NOTARY PUBLIC
SEAL OF OFFICE:

______________________________
NOTARY PUBLIC STATE OF FLORIDA
(Name of Notary Public, Print, Stamp or Type as Commissioned)

☐ Personally known to me, or
☐ Produced identification:

(Type of Identification Produced)
On this 28th day of May, 2008, before me, a notary public in and for the State and County aforesaid, personally appeared Melissa A. DuMont, Authorized Signatory of U.S. Bank National Association, as Bond Trustee, who acknowledged that she did so sign said instrument as such signatory for and on behalf of said corporation; that the same is her free act and deed as such signatory and the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and of fixed my notarial seal the day and year in this certificate first above written.

(Name of Notary Public, Print, Stamp or Type as Commissioned)

☐ Personally known to me, or
☐ Produced identification:  

(Type of Identification Produced)
The SOUTH BROWARD HOSPITAL DISTRICT (the “Issuer”), a special district created and existing under the laws of the State of Florida, for value received, hereby promises to pay in lawful money of the United States of America to the registered holder shown above or registered assigns, on the Maturity Date specified above, unless this 2008 Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from payments made under Obligation No. 16 (as described herein) and the Pledged Funds pledged for the payment hereof pursuant to the Bond Indenture hereinafter mentioned and not otherwise, upon surrender hereof, the Principal Amount shown above and to pay interest on such principal amount in like manner, but solely from said revenues and the funds aforesaid, from the date hereof or from the interest payment date next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is an interest payment date to which interest shall have been paid, in which case from such date, at the rate per annum specified above computed on the basis of a 360-day year of twelve 30-day months, on November 1, 2008 and on each subsequent May 1 and November 1 until payment of such Principal Amount, or provision therefor, shall have been made upon redemption or at maturity. The principal payable upon redemption, are payable at the designated office of U.S. Bank National Association as paying agent (in such capacity, the “Paying Agent”), which initially is in Fort Lauderdale, Florida, or at the principal office of any other paying agent appointed under the Bond Indenture hereinafter mentioned. Payment of interest hereon will be made to the person in whose name this 2008 Bond is registered on the registration books of the Issuer kept by the Bond Trustee hereinafter mentioned at the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”), by check or draft mailed on the interest payment date by the
Paying Agent to such registered holder at his address as it appears on said bond registration books or by wire transfer to said holder to the extent provided for in the Bond Indenture (as defined below). Any interest which is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor bonds) as of the Record Date as described above, and shall be payable to the holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Bond Trustee for the payment of that overdue interest. Notice of the payment of overdue interest and of the Special Record Date therefor shall be given by mail to each holder of record on the fifth (5th) day prior to such mailing at his address as it appears on the Bond Register, not less than ten (10) days prior to such Special Record Date. The principal of and interest on this 2008 Bond are payable in lawful money of the United States of America.

All capitalized terms, not otherwise defined herein shall the meanings ascribed to such terms in the hereinafter mentioned Bond Indenture or the hereinafter mentioned Master Trust Indenture.

This 2008 Bond is a limited obligation of the Issuer payable solely from and secured by (a) a pledge of the Pledged Funds maintained under the Bond Indenture and moneys therein to the extent provided in the Bond Indenture, and (b) Obligation No. 16 issued in the principal amount of $156,575,000 (“Obligation No. 16”) by the Obligated Group pursuant to a Master Trust Indenture dated as of September 1, 2003 (the “Master Trust Indenture”) between the Issuer, on behalf of the Obligated Group and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee thereunder. Currently, the Issuer is the sole Member of the Obligated Group; however, pursuant to the terms of the Master Trust Indenture other entities may become “Members of the Obligated Group” and, as Members, may issue or cause to be issued Obligations under the Master Trust Indenture.

This 2008 Bond and such other bonds of the series of which it forms a part do not constitute a debt, liability or obligation of Broward County, Florida or the State of Florida or any political subdivision thereof or a pledge of the faith and credit of Broward County, Florida or the State of Florida or any political subdivision thereof.

ISSUER OR OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, DIRECTLY OR INDIRECTLY, TO ENFORCE SUCH PAYMENT.

BY ACCEPTANCE OF THIS 2008 BOND, THE REGISTERED OWNER AGREES THAT IT WILL NOT TRANSFER OR GRANT PARTICIPATIONS IN THIS 2008 BOND IN DENOMINATIONS OF LESS THAN THE MINIMUM AUTHORIZED DENOMINATIONS.

The 2008 Bonds will be issued initially as one fully registered bond in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of the 2008 Bonds, and deposited in the custody of DTC. Beneficial owners of the 2008 Bonds will not receive physical delivery of the 2008 Bonds. Individual purchases of the 2008 Bonds may be made in book-entry form only in Authorized Denominations. Payments of principal of and interest on the 2008 Bonds will be made to DTC or its nominee as registered owner of the 2008 Bonds.

DTC shall pay through its Participants interest to the beneficial owners of record of the 2008 Bonds as of the close of business on the Record Date. DTC shall pay the redemption price of the 2008 Bonds called for redemption to the beneficial owners of record of the 2008 Bonds through its Participants in accordance with its customary procedures.

Transfer of ownership interests in the 2008 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2008 Bonds, in accordance with rules specified by DTC and its Participants. There can be no assurance that DTC, its Participants or other nominees of the beneficial owners of the 2008 Bonds will act in accordance with such rules or on a timely basis.

The Issuer and the Bond Trustee are not responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Unless this certificate is presented by an authorized representative of DTC, to the 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.

Bond certificates will be issued directly to owners of the 2008 Bonds other than DTC, or its nominee, upon the occurrence of certain events specified in the Bond Indenture.

This 2008 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Indenture until the certificate of authentication hereon shall have been duly executed by the Bond Trustee.

This 2008 Bond is one of a duly authorized series of bonds in the aggregate principal amount of $156,575,000 Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group) (hereinafter referred to as the “2008 Bonds”) being issued
under the hereinafter described Bond Indenture for the purpose of providing funds to (i) pay all of the Other Outstanding Debt as described in the Bond Indenture of the Issuer (the “Refunded Debt”), and (ii) pay certain costs of issuance of the 2008 Bonds.

The 2008 Bonds are issued under and initially entitled to the security of a Bond Indenture dated as of May 1, 2008 (the “Bond Indenture”), between the Issuer and U.S. Bank National Association, as bond trustee (in such capacity, the “Bond Trustee”).

This 2008 Bond is issued, the Bond Indenture was made and entered into and the Master Trust Indenture was made and entered into, under and pursuant to the Constitution and laws of the State of Florida, including particularly Chapter 24415, Laws of Florida, Special Acts of 1947, as amended and as codified by Chapter 2004-397, Laws of Florida (2004) (the “Act”) and resolutions duly adopted by the Board of Commissioners of the Issuer.

Upon surrender of this 2008 Bond at the principal corporate trust office of the Bond Trustee, as bond registrar, together with an assignment duly executed by the registered owner or its attorney or legal representative in such form and with such guaranty of signature as shall be satisfactory to the Bond Trustee, this 2008 Bond may be exchanged for fully registered 2008 Bonds aggregating in amount the then unpaid principal amount of the 2008 Bond so surrendered, in Authorized Denominations.

This 2008 Bond may be registered as transferred upon the books kept for the registration and transfer of 2008 Bonds upon its surrender to the Bond Trustee, as bond registrar, together with an assignment duly executed by the registered owner or its attorney or legal representative in such form and with such guaranty of signature as shall be satisfactory to the Bond Trustee; provided, that the Bond Trustee should not be obliged to make any exchange or registration of transfer of a 2008 Bond during the period between a Record Date and the corresponding Interest Payment Date.

The 2008 Bonds are subject to redemption prior to stated maturity as follows:

(a) Optional Redemption. The 2008 Bonds maturing after May 1, 2018 are subject to redemption at the option and direction of the Issuer, on or after May 1, 2018, in whole or in part at any time, and if in part in such order of maturities and in such proportions within a maturity as may be directed by an Authorized Issuer Representative (as defined in the Bond Indenture) on behalf of the Issuer, at a Redemption Price equal to 100% of the principal amount of the 2008 Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

(b) Mandatory Sinking Fund Redemption. The 2008 Bonds maturing in the years 2022, 2028 and 2036 shall be subject to mandatory redemption in part at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date, on May 1 in each year, commencing May 1, 2019, in the respective principal amounts as follows:
<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
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<tr>
<td>2019</td>
<td>$1,800,000</td>
<td>2023</td>
<td>$2,975,000</td>
<td>2029</td>
<td>$3,305,000</td>
</tr>
<tr>
<td>2020</td>
<td>1,740,000</td>
<td>2024</td>
<td>1,610,000</td>
<td>2030</td>
<td>3,490,000</td>
</tr>
<tr>
<td>2021</td>
<td>1,680,000</td>
<td>2025</td>
<td>6,340,000</td>
<td>2031</td>
<td>3,660,000</td>
</tr>
<tr>
<td>2022*</td>
<td>2,960,000</td>
<td>2026</td>
<td>6,835,000</td>
<td>2032</td>
<td>3,810,000</td>
</tr>
<tr>
<td>2027</td>
<td>6,400,000</td>
<td>2028*</td>
<td>6,110,000</td>
<td>2033</td>
<td>20,485,000</td>
</tr>
<tr>
<td>2028*</td>
<td>6,110,000</td>
<td>2029</td>
<td>21,570,000</td>
<td>2034</td>
<td>22,710,000</td>
</tr>
<tr>
<td>2029</td>
<td>22,710,000</td>
<td>2030</td>
<td>23,855,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Maturity

The Bond Indenture provides that any 2008 Bonds previously redeemed other than pursuant to the mandatory sinking fund provisions of the Bond Indenture may be applied as a credit against such sinking fund obligations.

(c) **Extraordinary Optional Redemption.** The 2008 Bonds shall be subject to redemption, at the written direction of the Issuer, in whole or in part at any time, at par value thereof plus accrued interest to the date fixed for redemption, in the event of damage or destruction to, or condemnation of its property, from insurance proceeds in excess of $5,000,000 or condemnation proceeds in excess of $1,000,000 received by the Bond Trustee pursuant to the terms and conditions as more particularly described in the Master Trust Indenture.

(d) **Selection of 2008 Bonds to be Redeemed; Procedure for Redemption.** Any redemption of 2008 Bonds in part shall be in a principal amount of $5,000 or an integral multiple thereof. If less than all the 2008 Bonds shall be called for redemption under any provision of the Bond Indenture permitting such partial redemption, the particular 2008 Bonds to be redeemed shall be selected by the Bond Trustee, in such manner as the Bond Trustee in its discretion may deem fair and appropriate consistent with the requirements of Section 3.03(d) of the Bond Indenture; provided, however, (x) that the portion of any 2008 Bond to be redeemed under any provision of the Bond Indenture shall be in the principal amount of $5,000 or any integral multiple thereof, (y) that, in selecting 2008 Bonds for redemption, the Bond Trustee shall treat each 2008 Bond as representing that number of 2008 Bonds which is obtained by dividing the principal amount of such 2008 Bond by $5,000 and (z) that, to the extent practicable, the Bond Trustee will not select any 2008 Bond for partial redemption if the amount of such 2008 Bond remaining outstanding would be reduced by such partial redemption to less than the minimum Authorized Denomination. If less than all of a 2008 Bond is called for redemption, then upon surrender of such 2008 Bond the Issuer shall execute and deliver and the Bond Trustee shall authenticate and deliver at the expense of the Issuer and without charge to the owner thereof, for the unredeemed balance of the 2008 Bond so surrendered, 2008 Bonds of like maturity.

At its option, to be exercised on or before the 45th day next preceding any mandatory scheduled redemption date referred to in subsection (b) above, the Issuer may deliver to the Bond Trustee for cancellation 2008 Bonds in any aggregate principal amount which have been purchased by the Issuer in the open market. Each 2008 Bond so delivered, shall be credited by
the Bond Trustee at 100% of the principal amount thereof against the mandatory scheduled redemption requirement referred to above on such mandatory scheduled redemption date and any excess of such amount shall be credited against future mandatory scheduled redemption requirements in chronological order.

In the event any of the 2008 Bonds are called for redemption, the Bond Trustee shall give notice, in the name of the Issuer, of the redemption of such 2008 Bonds, which notice shall (i) specify the 2008 Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2008 Bonds are to be redeemed, the numbers of the 2008 Bonds, and the portions of the 2008 Bonds, so to be redeemed, (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the 2008 Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall accompany all redemption notices. Such notice may set forth any additional information relating to such redemption. Such notice shall be given by mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each Registered Owner of 2008 Bonds to be redeemed at its address shown on the registration books kept by the Bond Trustee; provided, however, that failure to give such notice to any Registered Owner or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other 2008 Bonds.

The Issuer shall not be obligated to pay this 2008 Bond or any other 2008 Bond or the interest thereon except from, and such obligation to pay is secured by payments made pursuant to Obligation No. 16 issued under the Master Trust Indenture and Pledged Funds as defined in the Bond Indenture, and are not otherwise an obligation of the Issuer and neither the faith and credit nor the taxing power of the Issuer, Broward County, Florida, or of the State of Florida, or of any political subdivision thereof is pledged to the payment of the principal of or interest on this 2008 Bond or any other 2008 Bond. Pursuant to the provisions of the Bond Indenture, payments for the prompt payment when due of the principal of and interest on the 2008 Bonds are to be paid under Obligation No. 16 to the Bond Trustee for the account of the Issuer and deposited in a special account as provided in the Bond Indenture, and such payments have been duly pledged for that purpose, all to secure the payment of such principal of and interest on the 2008 Bonds.

Only to the extent permitted by, and as provided in, the Bond Indenture, modifications or amendments of the Bond Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the owners of the 2008 Bonds may be made. Any such consent by the owner of this bond shall be conclusive and binding upon such owner and upon all future owners of this bond and of any bond issued upon the transfer or exchange of this bond whether or not notation of such consent is made upon this bond.

The registered holder of this 2008 Bond shall have no right to enforce the provisions of the Bond Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Bond Indenture or to institute, appear in or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Bond Indenture. In case an event of default under the Bond Indenture shall occur, the principal of all the 2008 Bonds at any such time outstanding under the Bond Indenture may be declared or may be due and payable, upon the conditions and in the
manner and with the effect provided in the Bond Indenture. The Bond Indenture provides that such declaration may in certain events be rescinded and annulled by the Bond Trustee under certain circumstances.

It is hereby certified that this 2008 Bond is authorized by and is issued in conformity with the requirements of the Constitution and statutes of the State of Florida. Without limiting the generality of the foregoing certification, it is hereby further certified that all conditions, acts and things required to exist, happen and be performed under the Act and under the Bond Indenture prior to the issuance of this 2008 Bond, exist, have happened and have been performed, and that the issuance, authentication and delivery of this 2008 Bond have been duly authorized by a duly adopted resolution of the Issuer.

No recourse shall be had for the payment of the principal of or interest on any of the 2008 Bonds or for any claim based thereon or upon any obligation, covenant or agreement in the Bond Indenture contained, against any past, present or future officer or member of the Issuer, or any incorporator, officer, director, or member of any successor corporation, as such, either directly or through any successor corporation under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officer, director or member, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Indenture and the issuance of any of the 2008 Bonds.

IN WITNESS WHEREOF, as provided by the Act, the SOUTH BROWARD HOSPITAL DISTRICT has caused this 2008 Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chairman of its Board of Commissioners and its corporate seal to be hereunto affixed manually or by facsimile and attested by the facsimile or manual signature of the Secretary-Treasurer of its Board of Commissioners.

DATED: May 28, 2008

[SEAL]

SOUTH BROWARD HOSPITAL DISTRICT

Attest: 

By: ____________________________

Chairman, Board of Commissioners

By: ____________________________

Secretary-Treasurer, Board of Commissioners
ASSIGNMENT AND TRANSFER

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto __________

(please print or typewrite name and address of transferee)

the within 2008 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_________________________________ Attorney to transfer the within 2008 Bond on the books

kept for registration thereof, with full power of substitution in the premises.

Dated: ______________________

Signature Guarantee:

NOTICE: Signature(s) must be guaranteed

by a member firm of the New York Stock

Exchange or a commercial bank or trust

company

NOTICE: The signature to this assignment

must correspond with the name of the

registered owner as it appears upon the face

of the within 2008 Bond in every particular,

without alteration or enlargement or any

change whatsoever.

Please insert social security or other

identifying number of Assignee.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of the within 2008
Bond, shall be construed as though they were written out in full according to applicable laws or
regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the
entireties
JT TEN - as joint tenants with
right of survivorship

and not as tenants in
common

UNIF GIFT MIN ACT - Custodian
(State)

Additional abbreviations may also be used though not in the above list.
(Form of Bond Trustee’s Certificate of Authentication)

This 2008 Bond is one of the 2008 Bonds described in the within mentioned Bond Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Bond Trustee

By: ______________________________
   Authorized Officer

Date of authentication:  May 28, 2008

(END OF BOND FORM FOR 2008 BONDS)
EXHIBIT B
Requisition

SOUTH BROWARD HOSPITAL DISTRICT
HOSPITAL REFUNDING REVENUE BONDS, SERIES 2008
(SOUTH BROWARD HOSPITAL DISTRICT OBLIGATED GROUP)
EXPENSE FUND REQUISITION
U.S. BANK NATIONAL ASSOCIATION, BOND TRUSTEE

Person to be Paid

Address:

Contract For:

Amount to be paid: $___________ (“Amount Due”)

The authorized officer represents as part of this Requisition that:

1. There has been no Event of Default as defined in the Bond Indenture.

2. Each obligation, item of cost or expense mentioned herein has been properly incurred, is a proper charge against the Expense Fund and has not been the basis of a previous requisition.

3. This requisition contains no item representing payments on account of any retained percentage that the Issuer is entitled to retain.

In accordance with the above referenced contract, the undersigned hereby directs the Bond Trustee to pay the Amount Due (as shown above) to the Person to be Paid (as shown above).

Date: ________________

SOUTH BROWARD HOSPITAL DISTRICT

Authorized Issuer Representative

* The Person to be paid may be the Issuer or any other Person, if the Issuer or such other Person is to be reimbursed for advances made or work done by it and properly chargeable against the Expense Fund.
APPENDIX E - FORM OF CONTINUING DISCLOSURE AGREEMENT
CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of May 1, 2008 (the “Agreement”), is made by and between South Broward Hospital District (the “Issuer”), a special district created and existing under the laws of the State of Florida, including Chapter 24415 Laws of Florida, Special Acts of 1947, as amended and as codified by Chapter 2004-397 Laws of Florida (2004) (the “Act”) and U.S. Bank National Association, a national banking association duly organized and validly existing under the laws of the United States of America, with its designated corporate trust office located in Fort Lauderdale, Florida, as bond trustee (the “Bond Trustee”), in connection with the issuance of the Issuer’s $_______________ Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group) (the “2008 Bonds”), under the circumstances summarized in the following recitals (with each capitalized term used but not otherwise defined therein having the meaning assigned to it in Section 1):

A. The 2008 Bonds will be issued pursuant to and secured by the Bond Indenture, dated as of May 1, 2008 (the “Bond Indenture”), between the Issuer and the Bond Trustee.

B. The 2008 Bonds are initially payable solely from and secured by payments received under Obligation No. 16 (as defined in the hereinafter described Master Trust Indenture) and certain Pledged Funds (as defined in the Bond Indenture).

C. Obligation No. 16 was issued under the Master Trust Indenture, dated as of September 1, 2003 (the “Master Trust Indenture”), between the Issuer, as representative of the Obligated Group and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee (in such capacity, the “Master Trustee”), and is secured by the Gross Revenues and Accounts of Obligated Group Members that are not governmental entities, if any (as such terms are defined in the Master Trust Indenture).

D. The Issuer has represented that there will not be any other obligated person with respect to the 2008 Bonds at the time the 2008 Bonds are delivered by the Issuer to the Original Purchasers and that, except as provided in the Master Trust Indenture, it does not presently intend for any other person to become committed by contract or any other arrangement to support payment of any part of the obligations with respect to the 2008 Bonds at any time after they are issued.

E. The Original Purchasers are required under the Rule not to purchase or sell the 2008 Bonds in a primary offering unless the Original Purchasers have reasonably determined that the Obligated Party has made an agreement in accordance with the provisions of the Rule.

NOW, THEREFORE, in consideration of the recitals and the mutual representations and agreements hereinafter contained the Issuer and the Bond Trustee agree, in accordance with the provisions of the Rule, for the benefit of the holders and beneficial owners from time to time of the 2008 Bonds, as follows:
Section 1. Definitions and Interpretation. In addition to the words and terms defined elsewhere in this Agreement or by reference to the Bond Indenture, unless the context or use clearly indicates another or different meaning or intent:

“Annual Financial Information” means, with respect to the 2008 Bonds, collectively,

(A)(i) information as shall be necessary in order to update financial information set forth with respect to the 2008 Bonds and the Issuer in the Official Statements; and

(ii) the Audited Financial Statements for the preceding Fiscal Year (commencing with the Audited Financial Statements for the Fiscal Year ending April 30, 2008), and Unaudited Financial Statements for such Fiscal Year if such Audited Financial Statements are unavailable, pursuant to Section 2 hereof; and

(B) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of such financial and operating data listed in (A) above.

Any or all of the items listed above may be included by specific reference to other documents which have been submitted to each NRMSIR and the SID, if any, or filed with the SEC. If such document is an Official Statement, it must be available from the MSRB.

In the event that any of the financial information or operating data constituting Annual Financial Information that no longer can be generated because the operations to which such information or data relate have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

“Audited Financial Statements” means, with respect to the Issuer, the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that the Issuer may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall include a reference to the specific federal or State law or regulation describing such accounting basis and shall be provided by the Issuer to the Dissemination Agent, who shall promptly deliver such notice to (i) either the MSRB or each NRMSIR, and (ii) the SID.

“Authorized Disclosure Representative” means the person or persons at the time designated to act on behalf of the Obligated Party by written certificate furnished to the Dissemination Agent (substantially in the form of Exhibit D hereto), containing the specimen signature of such person or persons and signed by authorized officers of the Obligated Party. That certificate may designate an alternate or alternates, each of whom shall have the same authority, duties and powers as such Authorized Disclosure Representative. Initially, the Authorized Disclosure Representative shall be the Chief Financial Officer of the Issuer.

“Bondholder” has the meaning assigned to it in the Bond Indenture.
“Business Day” means any day other than a Saturday, Sunday or a day on which the Dissemination Agent is required, or authorized or not prohibited by law (including executive orders), to close and is closed.

“Dissemination Agent” means Digital Assurance Certification LLC, acting in its capacity as Dissemination Agent hereunder, or such other agent designated by the Issuer to carry out the duties imposed on the Dissemination Agent designated in writing by the Issuer and which has filed a written acceptance with the Issuer and the Bond Trustee of such duties imposed hereunder.

“Filing Date” means the 120th day following the end of each Fiscal Year (or the next succeeding Business Day if that day is not a Business Day).

“Fiscal Year” means each fiscal year of the Obligated Party, commencing with the fiscal year ending on April 30, 2008.

“GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board (“GASB”).

“Indenture” means the collectively, the Master Trust Indenture and the Bond Indenture.

“Issuer” means the South Broward Hospital District, a special district created and existing under the provisions of the Act.

“Master Trust Indenture” means the Master Trust Indenture dated as of September 1, 2003, between the Issuer, as the Obligated Group representative and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as Master Trustee.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“NRMSIR” means, at any time, a then-existing nationally recognized municipal securities information repository, as recognized from time to time by the SEC for the purposes referred to in the Rule. The NRMSIRs as of the date of this Agreement and the addresses of such NRMSIRs on the date of this Agreement are as follows:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Tel: (609) 279-3225
Fax: (609) 279-5962
Internet: munis@Bloomberg.com
FT Interactive Data
Attn: NRMSIR
100 Williams Street
New York, NY 10038
Tel: (212) 771-6999
Fax: (212) 771-7391 (Primary Market Information)
Fax: (212) 771-7390 (Secondary Market Information)
Internet: NRMSIR@FTID.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Tel: (201) 346-0701
Fax: (201) 947-0107
Internet: nrmsir@dpcdata.com

Standard & Poor’s Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Tel: (212) 438-4595
Fax: (212) 438-3975
Internet: nrmsir_repository@sandp.com

“Notice Addresses”:

(a) As to the Issuer, at:

3501 Johnson Street
Hollywood, Florida 33021
Attn: Chief Financial Officer

(b) As to the Bond Trustee, at:

U.S. Bank Corporate Trust Services
Attn: Trust Review
225 Water Street, 7th Floor
Jacksonville, FL 32202-5185

(c) As to the Dissemination Agent

Digital Assurance Certification LLC

“Obligated Party” means the Issuer.

“Original Purchasers” means, collectively, UBS Securities LLC, Banc of America Securities LLC and Siebert Brandford Shank & Co., LLC.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of issuance of the 2008 Bonds, including any official interpretations thereof issued either before or after such date which are applicable to this Agreement.

“SEC” means the United States Securities and Exchange Commission.

“SID” means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of issuance of the 2008 Bonds, there is no SID.

“Specified Events” means the occurrence of any of the following events, within the meaning of the Rule, with respect to the 2008 Bonds, if material: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the 2008 Bonds; (vii) modifications to rights of holders or beneficial owners of the 2008 Bonds; (viii) 2008 Bond calls (except in the case of mandatory scheduled redemption); (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the 2008 Bonds; and (xi) rating changes; (xii) a change in the fiscal year of the Issuer or a change in the accounting principles used to prepare the Annual Financial Information. Although enumerated in the Rule, the events described in subparagraphs (iv) and (v) and (x) are inapplicable with respect to the 2008 Bonds.

“2008 Bonds” means the Issuer’s Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group), described in the Bond Indenture and issued and secured under the Bond Indenture in the original aggregate principal amount of $_________________.

“Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited and shall not have been reported on by independent certified public accountants.

The terms “obligated person” and “primary offering” have the respective meaning assigned in paragraph (f) of the Rule.

Any reference herein to the Issuer, the Board of Commissioners, the Chairman, Secretary-Treasurer or to any other officers thereof, or to other public boards, commissions, departments, institutions, agencies, bodies, entities or officers thereof, shall include those who or which succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference to a Section or provision of the Act, or a Section, provision or chapter of federal or State laws and regulations, shall include such Section, provision, chapter, laws or regulations, as from time to time amended, modified, revised, supplemented, or superseded, provided that no such change in the laws or regulations shall be deemed applicable by reason of this provision if such change would in any way constitute an
impairment of the rights of the Issuer, a holder or the Bond Trustee under the Bond Indenture or would alter the obligation to pay the principal of, premium, if any, or interest on the 2008 Bonds in the amount and manner, at all times, and from the sources provided in the 2008 Bonds and the Bond Indenture, except as otherwise permitted in the Bond Indenture.

Section 2. Provision of Annual Financial Information; Audited Financial Statements.

(a) The Obligated Party hereby agrees to provide or cause to be provided to the Dissemination Agent, not later than the Filing Date, and the Dissemination Agent shall provide to each NRMSIR, to any SID, and to the Bond Trustee, the Annual Financial Information not later than ten (10) Business Days following the end of the Filing Date for that Fiscal Year. The Audited Financial Statements of the Obligated Party to be provided as part of the Annual Financial Information will be prepared in accordance with GAAP. The Dissemination Agent shall also cause such information to be mailed to those holders of 2008 Bonds who have filed their names with the Dissemination Agent for such purpose within ten (10) Business Days following the end of the Filing Date for that Fiscal Year.

(b) If Unaudited Financial Statements have been provided to the Dissemination Agent as part of the provision of Annual Financial Information, the Obligated Party shall provide to the Dissemination Agent the Audited Financial Statements for such Fiscal Year when available. The Dissemination Agent shall provide such Audited Financial Statements to each NRMSIR, to any SID and the Bond Trustee within ten (10) Business Days of receipt thereof. The Dissemination Agent shall also cause such information to be mailed to those holders of 2008 Bonds who have filed their names with the Dissemination Agent for such purpose within ten (10) Business Days of receipt thereof.

(c) If the Dissemination Agent has not received the Annual Financial Information for a Fiscal Year by the fifth Business Day prior to the Filing Date for that Fiscal Year, the Dissemination Agent shall provide a notice to the Authorized Disclosure Representative, not later than its close of business on the fifth Business Day prior to the Filing Date, substantially in the form of Exhibit A, by facsimile transmission (or other means similarly prompt). If the Dissemination Agent has not received the Annual Financial Information by its close of business on the Filing Date, the Dissemination Agent shall provide a notice to the Authorized Disclosure Representative, not later than its close of business on the second succeeding Business Day following the Filing Date, substantially in the form of Exhibit B, by facsimile transmission (or other means similarly prompt). The Obligated Party, in lieu of providing the information in accordance with Section 2(a) hereof to the Dissemination Agent, may provide such information directly to each NRMSIR and any SID and provide written notice of such filing with the Dissemination Agent. The Dissemination Agent shall be entitled to rely conclusively upon any written evidence provided by the Obligated Party regarding the provision of the Annual Financial Information directly to each NRMSIR or any SID. If, in any instance, the required information was not timely filed or the Obligated Party fails to provide evidence, by 3:00 p.m., New York, New York time, by the fifth Business Day following the Filing Date, of its timely filing with each NRMSIR and any SID, the Dissemination Agent shall send or cause to be sent, but in any event not later than its close of business on the tenth Business Day following the Filing Date, a notice substantially in the form of Exhibit C, modified to reflect the pertinent facts, to each NRMSIR or to the MSRB, and to any SID by facsimile transmission (or other means
similarly prompt). The Dissemination Agent shall not be liable to any person for the failure to provide a required notice in the form of Exhibit C.

(d) The Obligated Party acknowledges that it, and not the Bond Trustee nor the Dissemination Agent, is solely responsible for the accuracy, completeness, and timeliness of the Annual Financial Information and the notices required by Section 3 below. The Annual Financial Information shall be accompanied by a written certificate from the Obligated Party, that the information provided to the Dissemination Agent pursuant to this Section 2 constitutes the Annual Financial Information that it purports to be and complies with this Continuing Disclosure Agreement and the Rule, and the Dissemination Agent shall be entitled to rely conclusively on such certificate.

(e) Unless otherwise required by law and subject to technical and economic feasibility, the Obligated Party and the Dissemination Agent shall employ such methods of information transmission in complying with this Section 2 and with Section 3 below as shall be requested or recommended by the designated recipients of the Annual Financial Information or of Specified Events (as applicable).

Section 3. Notice of Specified Events; Changes in Accounting Principles or Fiscal Year.

(a) The Obligated Party agrees to provide or cause to be provided to each NRMSIR or the MSRB, to the Dissemination Agent and to any SID, in a timely manner, (i) notice of any Specified Event, if that event is material, and (ii) notice of any change in the GAAP applied in the preparation of the Audited Financial Statements of the Obligated Party or any change in the dates on which the Fiscal Year of the Obligated Party begins and ends.

(b) The Dissemination Agent shall promptly notify the Authorized Disclosure Representative upon becoming aware of the occurrence of any Specified Event (other than a nonpayment related default, the giving of a notice of optional redemption of any 2008 Bonds or defeasance of the 2008 Bonds or any provision thereof).

(c) If the Obligated Party becomes aware of a Specified Event that is material, the Obligated Party shall prepare and provide promptly to the Dissemination Agent a form of notice of that event and the Dissemination Agent shall file notice as promptly as reasonably possible, by facsimile transmission (or other means similarly prompt), with each NRMSIR, and any SID of that event in accordance with subsection 3(a). The Dissemination Agent shall provide notice to the Obligated Party not later than the third Business Day after it files any such notice, identifying each person with which that notice was filed and the date it was sent to the addressee.

(d) The Dissemination Agent shall mail to the Bond Trustee, [via the DAC System and] by first class mail, postage prepaid, to its Notice Address a copy of any notice that is filed with it by the Obligated Party in accordance with subsection 3(a), along with a request that the Bond Trustee mail a copy of any such notice by first class mail, postage prepaid to each holder of the 2008 Bonds.

Section 4. Quarterly Disclosure. In addition to the Annual Financial Information and Specified Events as set forth in Sections 2 and 3 hereof, the Obligated Party hereby undertakes and hereby covenants to undertake, for the benefit of holders of the 2008 Bonds, to provide to
the Dissemination Agent quarterly, year-to-date, financial statements and other disclosure, including a balance sheet, consolidated and consolidating income statements, and operating information consisting of admissions, patient days, length of stay, average daily census, outpatient visits and emergency room visits, no later than 60 days after the end of each of its interim fiscal quarters, and no later than 120 days after the end of the last quarter of the Fiscal Year, commencing with the fiscal quarter ending April 30, 2008. The Dissemination Agent shall within ten (10) Business Days after receipt of such information cause the same to be mailed to those holders of 2008 Bonds who have filed their names with the Dissemination Agent for such purpose and to each NRMSIR and SID.

Section 5. Obligated Party; Dissemination Agent. The Obligated Party represents that it will be the only obligated person with respect to the 2008 Bonds at the time the 2008 Bonds are delivered by the Issuer to the Original Purchasers and that no other person is expected to become so committed at any time after issuance of the 2008 Bonds; provided, however, pursuant to the Master Trust Indenture, the Issuer may allow for other Members to join the Obligated Group. Currently, the Issuer is the sole member of the Obligated Group. Either the Obligated Party or the Dissemination Agent may, from time to time, appoint or engage an agent to act on their behalf in performing their obligations under this Agreement and may discharge any such agent, with or without appointing a successor; provided, that neither the Obligated Party nor the Dissemination Agent shall be relieved in any respect by appointment of an agent from primary liability for the performance of their obligations under this Agreement.

Section 6. Remedy for Breach. This Agreement shall be solely for the benefit of the Bond Trustee and holders and Beneficial Owners from time to time of the 2008 Bonds. Except as provided in Section 2(d) hereof, the exclusive remedy for breach of this Agreement by the Obligated Party shall be limited, to the extent permitted by law and except as hereinafter provided, to a right of holders and beneficial owners to cause to be instituted and maintained, proceedings in equity to obtain the specific performance by the Obligated Party of its obligations hereunder. Any such proceedings shall be instituted and maintained by the holders or Beneficial Owners of the 2008 Bonds or by the Bond Trustee, which may institute and maintain any such proceedings in its discretion at the request of holders of not less than a majority in aggregate principal amount of the 2008 Bonds then outstanding and pursuant to the further provisions of the Bond Indenture including but not limited to the provision of indemnity satisfactory to the Bond Trustee; provided that, any holder or Beneficial Owner may exercise individually any such right to require the Obligated Party to specifically perform its obligations to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any failure of the Obligated Party to comply with the provisions of this Agreement shall not be a default or failure, or an Event of Default, under the Bond Indenture.

Section 7. Performance by the Dissemination Agent; Compensation.

(a) Solely for the purpose of (i) defining the standards of care and performance applicable to the Bond Trustee and the Dissemination Agent in the performance of its obligations under this Agreement, (ii) the manner of execution by the Bond Trustee and the Dissemination Agent of those obligations, (iii) defining the manner in which, and the conditions under which, the Bond Trustee and the Dissemination Agent may be required to take any action at the direction of holders, including the condition that indemnification be provided, and (iv) matters of
removal, resignation and succession of the Bond Trustee and the Dissemination Agent under this Agreement, Article XI of the Bond Indenture is hereby made applicable to this Agreement as if this Agreement were contained in the Bond Indenture and as if the Dissemination Agent were the Bond Trustee thereunder; provided that the Bond Trustee and the Dissemination Agent shall have only such duties under this Agreement as are specifically set forth in this Agreement, and the Obligated Party agrees to indemnify and hold harmless the Bond Trustee and the Dissemination Agent, its officers, directors, employees and agents, from and against any loss, cost, expense or liability that it may incur arising out of or in the exercise or performance of its obligations under this Agreement, including any costs and expenses (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ) of defending any claim of liability, but excluding liabilities due to the negligence or willful misconduct of the Bond Trustee and the Dissemination Agent.

(b) The Obligated Party agrees to pay to the Dissemination Agent from time to time reasonable compensation for services provided by the Dissemination Agent under this Agreement and to pay or reimburse the Bond Trustee and the Dissemination Agent upon request for all reasonable expenses, disbursements and advances incurred or made in accordance with this Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ), except to the extent that any such expense, disbursement or advance is due to the negligence or willful misconduct of the Bond Trustee or the Dissemination Agent, as applicable.

(c) The obligations of the Obligated Party under this Section and Section 2(d) shall survive resignation or removal of the Bond Trustee and the Dissemination Agent and termination of other provisions of this Agreement pursuant to Section 9.

(d) Neither the Bond Trustee nor the Dissemination Agent shall be considered to be the agent of the Obligated Party when performing any actions required to be taken by the Dissemination Agent under this Agreement.

(e) Neither the Bond Trustee nor the Dissemination Agent shall have any obligation under this Agreement to investigate or determine whether any filing made under this Agreement complies with federal securities laws or rules.

(f) The Dissemination Agent may resign upon not less than sixty (60) days prior written notice to the Obligated Party or be removed by the Obligated Party at any time upon not less than sixty (60) days written notice. If no successor is appointed, the Obligated Party shall be the Dissemination Agent.

Section 8. **Amendment.** This Agreement may be amended, and noncompliance by the Obligated Party with any provision of this Agreement may be waived, as may be necessary or appropriate to achieve their compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the Obligated Party (including, without limitation, to add as an Obligated Party any entity that becomes a Member of the Obligated Group under the Master Trust Indenture), or type of business conducted by the Obligated Party. Any such amendment or
waiver shall not be effective unless this Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the 2008 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until either (a) the Obligated Party, the Bond Trustee and the Dissemination Agent shall have received a written opinion of bond counsel or other qualified independent special bond counsel selected by the Dissemination Agent, or the Dissemination Agent shall have determined, that the amendment would not materially impair the interests of holders or Beneficial Owners of the 2008 Bonds, or (b) the Dissemination Agent and the Bond Trustee shall have received the written consent to the amendment or waiver of the holders of at least a majority of the principal amount of the 2008 Bonds then outstanding. Annual Financial Information containing any amended operating data or financial information shall explain, in narrative form or in footnotes, the reasons for any such amendment and the impact of the change on the type of operating data or financial information being provided.

Section 9. Term. The obligations of the Obligated Party under this Agreement shall remain in effect only for such period that (i) the 2008 Bonds are outstanding in accordance with their terms and (ii) the Obligated Party remains an obligated person with respect to the 2008 Bonds within the meaning of the Rule, subject to the survival of certain provisions to the extent expressly provided in Section 7. The obligation of the Obligated Party to provide the Annual Financial Information and notices of events set forth in subsection 3(a) shall terminate, if and when the Obligated Party no longer remains an obligated person with respect to the 2008 Bonds, provided that the Obligated Party shall provide notice of such termination to each NRMSIR, the MSRB and any SID.

Section 10. Notices. Except as otherwise expressly provided in this Agreement, it shall be sufficient service or giving of any notice, if that notice is either mailed by first class mail, postage prepaid, addressed to the relevant party at its Notice Address, or transmitted by facsimile transmission addressed to the relevant party at its number for receipt of facsimile transmissions set forth in its Notice Address. The Obligated Party and the Bond Trustee may designate from time to time, by notice given hereunder, any further or different addresses (including facsimile transmission numbers) to which any subsequent notice shall be sent.

Section 11. Assignment. The Obligated Party may assign its obligations under this Agreement only in connection with the assignment of its obligations under and in accordance with the provisions of any contractual commitment or other arrangement to support payment of all or any part of the 2008 Bonds, including without limitation the Bond Indenture; provided, that the Obligated Party shall not assign its obligations under this Agreement so long as it remains an obligated person with respect to the 2008 Bonds and except to the assignee of its obligations under any such contractual commitment or other arrangement to support payment of the 2008 Bonds. The Obligated Party may assign its obligations under any such contractual commitment or other arrangement, without remaining primarily liable for the performance of those obligations, only if the assignee of the Obligated Party assumes its obligations under this Agreement. Any assignment by the Obligated Party of its obligations under this Agreement shall not be effective unless and until the assignee of the Obligated Party shall have expressly assumed in writing, for the benefit of the holders and Beneficial Owners from time to time of the 2008 Bonds, by an instrument in form and substance satisfactory to the Dissemination Agent, the
obligations of the Obligated Party under this Agreement or enters into a new agreement for purposes of the Rule that is substantially similar to the undertaking of the Obligated Party under this Agreement.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the Obligated Party, the Bond Trustee, the Dissemination Agent and the holders and Beneficial Owners from time to time of the 2008 Bonds, and any official, employee or agent thereof acting for and on its behalf, and shall not create any rights in any other person or entity.

Section 13. Severability. In case any section or provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 14. Counterparts. This Agreement 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.

Section 15. Amendment Waiver. Notwithstanding any other provision of this Agreement, the Issuer, the Bond Trustee and the Dissemination Agent may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate or cause any underwriter or investment banking firm to violate the rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent amendment, supplements or modifications of the Rule or any official interpretation thereof.

Section 16. Additional Information. Nothing in this Agreement shall be deemed to prevent the Obligated Party from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Specified Event in addition to that which is specifically required by this Agreement. If the Obligated Party chooses to include any information in any Annual Financial Information or notice of occurrence of a Specified Event, in addition to that which is specifically required by this Agreement, the Obligated Party shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or notice of occurrence of a Specified Event.
Section 17. **Governing Law.** This Agreement shall be deemed to be an agreement made under the laws of the State of Florida and for all purposes shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, South Broward Hospital District and the Bond Trustee have caused this Agreement to be duly executed in their respective names, and the Dissemination Agent has duly acknowledged this Agreement, all as of the date set forth above.

SOUTH BROWARD HOSPITAL DISTRICT

By: ____________________________
Title: Chairman, Board of Commissioners

U.S. BANK NATIONAL ASSOCIATION,
as Bond Trustee

By: ____________________________
Title: Authorized Signatory

Acknowledged: DIGITAL ASSURANCE CERTIFICATION, LLC
as Dissemination Agent

By: ____________________________
NOTICE OF REQUIREMENT TO FILE ANNUAL FINANCIAL INFORMATION

TO: Authorized Disclosure Representative

The undersigned, as the Dissemination Agent under the Continuing Disclosure Agreement, dated as of May 1, 2008 (the “Agreement”), between the undersigned and South Broward Hospital District, hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement), that the Obligated Party, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Financial Information that is required under the Agreement to be so provided not later than _________________. The Annual Financial Information is required under the Agreement to be provided or caused to be provided both to the undersigned and to each NRMSIR and any SID not later than that date.

[Dissemination Agent]

Dated: ________________ By: __________________________
NOTICE OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION

TO: Authorized Disclosure Representative

The undersigned, as the Dissemination Agent under the Continuing Disclosure Agreement, dated as of May 1, 2008 (the “Agreement”), between the undersigned and South Broward Hospital District, hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement), that the Obligated Party, as of the date of this notice, has not provided or caused to be provided to the undersigned the Annual Financial Information that was required under the Agreement to be so provided not later than [insert Filing Date].

Please provide the required Annual Financial Information to the undersigned, or written evidence that such information has been provided to each NRMSIR and any SID and, if so, when it was provided. The Annual Financial Information or any such written evidence or statement must be received by the undersigned not later than 3:00 p.m., ________ time, on the fifth Business Day following the Filing Date. If the undersigned has not received written evidence by that time regarding the making and timeliness of the filing, a notice will be filed promptly thereafter with each NRMSIR, the MSRB and any SID, substantially in the form attached as Exhibit C to the Agreement.

[Dissemination Agent]

Dated: _______________  By: ________________________________
$_______________
South Broward Hospital District
Hospital Refunding Revenue Bonds, Series 2008
(South Broward Hospital District Obligated Group)

TO:  [NRMSIRs, MSRB, SID][addresses attached as Schedule I hereto]

The undersigned, as the Dissemination Agent under the Continuing Disclosure Agreement, dated as of May 1, 2008 (the “Agreement”), between the undersigned and South Broward Hospital District, hereby notifies you (with each capitalized term used but not defined herein having the meaning assigned to it in the Agreement), that:

[1. To our knowledge, the Obligated Party, as of the date of this notice, has not provided or caused to be provided to the Dissemination Agent the Annual Financial Information for its Fiscal Year that ended __________, _____, or provided any written evidence to the Dissemination Agent concerning the timeliness of its filing of that Annual Financial Information with each NRMSIR and any SID. That Annual Financial Information was required under the Agreement to be provided to the Dissemination Agent and by the Dissemination Agent to, each NRMSIR and any SID not later than _______________.]

OR

[1. To our knowledge, the Obligated Party failed to provide the Annual Financial Information in a timely manner. The Obligated Party intends to provided or caused to be provided the Annual Financial Information that was required to be provided to each NRMSIR and any SID not later than ______________., to [_________] on ______________.]

[2. The Obligated Party has provided the attached statement concerning their failure to provide or cause to be provided the Annual Financial Information in accordance with the Agreement. The Dissemination Agent does not assume any responsibility for the accuracy or completeness of that statement and has not and will not undertake any investigation to determine its accuracy or completeness.]

[Dissemination Agent]

Dated: _______________                        By: ________________________________

Title:

cc: [Authorized Disclosure Representative]
DESIGNATION OF AUTHORIZED DISCLOSURE REPRESENTATIVE

To: U.S. Bank National Association, as Bond Trustee

The undersigned hereby designates, pursuant to the Continuing Disclosure Agreement between South Broward Hospital District, and U.S. Bank National Association, as Bond Trustee, dated as of May 1, 2008, the individuals listed below as Authorized Disclosure Representative and Alternates, respectively, and certifies that the signatures opposite the name of each individual is the true signature of that individual.

<table>
<thead>
<tr>
<th>Authorized Disclosure Representative</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew J. Muhart</td>
<td></td>
</tr>
<tr>
<td>Alternate</td>
<td></td>
</tr>
<tr>
<td>Anthony C. Krayer, III</td>
<td></td>
</tr>
<tr>
<td>Alternate</td>
<td></td>
</tr>
<tr>
<td>David Alexander</td>
<td></td>
</tr>
</tbody>
</table>

SOUTH BROWARD HOSPITAL DISTRICT

By: ___________________________________________
    Title: Chief Financial Officer

Date: ____________, 2008
SCHEDULE I

NRMSIR - address as of May 1, 2008

The NRMSIR’s and any SID’s, as well as their addresses may change from time to time. An updated listing is kept by the SEC on its web site at www.sec.gov/consumer/nrmsir.htm

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Tel: (609) 279-3225
Fax: (609) 279-5962
Internet: munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Tel: (212) 771-6999
Fax: (212) 771-7391 (Primary Market Information)
Fax: (212) 771-7390 (Secondary Market Information)
Internet: NRMSIR@FTID.com

DPC Data, Inc.
One Executive Drive
Fort Lee, NJ 07024
Tel: (201) 346-0701
Fax: (201) 947-0107
Internet: nrmsir@dpcdata.com

Standard & Poor’s Securities Evaluations, Inc.
55 Water Street, 45th Floor
New York, NY 10041
Tel: (212) 438-4595
Fax: (212) 438-3975
Internet: nrmsir_repository@sandp.com

MSRB - address as of May 1, 2008

Municipal Securities Rulemaking Board
1640 King Street, Suite 300
Alexandria, VA 22316
Phone: (202) 223-9503
Fax: (703) 683-3634
APPENDIX F - FORM OF BOND COUNSEL OPINION
APPENDIX F

[FORM OF BOND COUNSEL OPINION]

Upon delivery of the 2008 Bonds, Squire, Sanders & Dempsey L.L.P. is prepared to render its final opinion with respect to the 2008 Bonds in substantially the following form:

May __, 2008

South Broward Hospital District
Hollywood, Florida

Re: $156,575,000 South Broward Hospital District Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group)

Dear Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the South Broward Hospital District (the “Issuer”) of its $156,575,000 aggregate principal amount of Hospital Refunding Revenue Bonds, Series 2008 (South Broward Hospital District Obligated Group) (the “2008 Bonds”). The 2008 Bonds are dated, mature on May 1 of the years and in such principal amounts and bear interest at the rates, all as set forth in the Bond Indenture referred to hereinbelow. The 2008 Bonds are issuable as fully registered bonds without coupons, in authorized denominations of $5,000 and integral multiples thereof and are subject to redemption prior to maturity, in the manner and in accordance with the terms and conditions of the Bond Indenture. The 2008 Bonds are being issued to provide funds, together with other available moneys, to (i) pay prior to maturity the Other Outstanding Debt, and (ii) pay the costs of issuance of the 2008 Bonds. Capitalized terms used herein without definitions have the meanings ascribed thereto in the Bond Indenture, and if not defined therein in the Master Trust Indenture referred to hereinbelow, unless the context clearly indicates otherwise.

To evidence and secure its obligations under the Bond Indenture, the Issuer will issue and deliver its Obligation No. 16 dated the date hereof (“Obligation No. 16”) under a Master Trust Indenture dated as of September 1, 2003 (the “Master Trust Indenture”), between the Issuer and U.S. Bank National Association (as successor in interest to Wachovia Bank, National Association), as master trustee (in such capacity, the “Master Trustee”), as supplemented by a Supplemental Indenture for Obligation No. 16 dated as of May 1, 2008 (“Supplemental Indenture No. 16” and, together with the Master Trust Indenture, the “Master Indenture”) between the Issuer and the Master Trustee.
In our capacity as bond counsel, we have examined the transcript of the proceedings (the “Transcript”) of the Issuer relating to the issuance of the 2008 Bonds, including, without limitation, (i) Chapter 24415, Laws of Florida, Special Acts of 1947, as amended and as codified in Chapter 2004-397, Laws of Florida (2004) (the “Act”), creating the Issuer as a special taxing district with the power, among other things, to issue its hospital revenue bonds, (ii) the Bond Indenture dated as of May 1, 2008 (the “Bond Indenture”) between the Issuer and U.S. Bank National Association, as bond trustee (in such capacity, the “Bond Trustee”), (iii) the Master Indenture, (iv) Obligation No. 16, (v) Resolution No. 315 of the Issuer duly adopted on April 23, 2008 (the “Resolution”), authorizing the issuance of the 2008 Bonds, and (vi) such other documents as we have deemed necessary to render this opinion.

We have also examined a copy of one of the 2008 Bonds as executed and authenticated. We assume that all other 2008 Bonds have been similarly executed and authenticated.

Based on the foregoing examination, we are of the opinion that, under existing law:

1. The Issuer is a special district and body corporate created and validly existing under the Act with full power and authority to adopt the Resolution, to execute and deliver the Bond Indenture and the Master Indenture, and to issue and sell the 2008 Bonds.

2. The Resolution has been duly adopted by the Issuer, remains in full force and effect and has not been amended. The issuance and sale of the 2008 Bonds have been duly and validly authorized by the Issuer. The 2008 Bonds, the Bond Indenture, the Master Indenture and Obligation No. 16 have been duly authorized, executed and delivered by the Issuer and each constitutes the valid and binding obligation of the Issuer enforceable in accordance with its terms.

3. The 2008 Bonds constitute special and limited obligations of the Issuer and the principal of and interest on the 2008 Bonds (collectively, “debt service”) are payable from and secured by the moneys pledged by the Bond Indenture to secure that payment, including the payments required to be made on Obligation No. 16 and other amounts on deposit to the credit of the Pledged Funds. The 2008 Bonds and the payment of debt service thereon are not secured by an obligation or pledge of any moneys raised by taxation, and the 2008 Bonds do not represent or constitute a general obligation, a debt or pledge of the full faith and credit or taxing power of the Issuer, Broward County, Florida, the State of Florida, or any political subdivision thereof.

4. The interest on the 2008 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.
A portion of the interest on the 2008 Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax and interest on the 2008 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations.

In giving the opinion set forth in numbered paragraph 4 hereof, we have relied upon, and assumed continuing compliance with, the Issuer’s covenants and the accuracy, which we have not independently verified, of the representations and certifications of the Issuer contained in the Transcript. The accuracy of those representations and certifications, and the Issuer’s continuing compliance with those covenants, may be necessary for the interest on the 2008 Bonds to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain of those covenants subsequent to issuance of the 2008 Bonds may cause interest on the 2008 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2008 Bonds.

5. The 2008 Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

In rendering the opinions set forth herein, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings. As to questions of fact material to our opinion, we have relied on representations of the Issuer furnished to us, without undertaking to verify such representations by independent investigation. For purposes of the opinion expressed in the last sentence of paragraph 2 hereof, we have assumed that the Bond Indenture has been duly authorized, executed and delivered by the Bond Trustee and that the Master Indenture has been duly authorized, executed and delivered by the Master Trustee.

It is to be understood that the rights of the holders of the 2008 Bonds and the rights of the Bond Trustee as holder of Obligation No. 16 and the enforceability of the Bond Indenture, the Master Trust Indenture, Obligation No. 16 and the 2008 Bonds may be subject to judicial discretion and valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors’ rights generally, and subject to general principles of equity (regardless of whether considered in a proceeding in equity or at law).
We express no opinion as to the adequacy or accuracy of any Official Statement pertaining to the 2008 Bonds.

Respectfully submitted,